Volume LXXV *December 1960* *Number 4*

POLITICAL SCIENCE QUARTERLY

TWENTY-FIVE YEARS OF UNEMPLOYMENT INSURANCE

An Experiment in Competitive Collectivism

IN the general transition of the western industrial world from laissèz faire capitalism to welfare capitalism, the United States has differed from most other countries in the degree to which it has retained elements of individualism, even in its collectivistic institutions. The characteristically American method of managing the transition has been to employ competitive techniques even in attaining collectivistic goals. To the American mind this has represented not so much a dragging of the feet behind the chariot of progress as a cautious retention of known goods until there was reasonable certainty that they could be exchanged for something better. The recent examples of Italian, German and Russian collectivism, as well as the second thoughts of English[1] and even Yugoslav socialism,[2] have enhanced the respectability of a cautious approach.

Unemployment insurance provides an excellent example of this American preference for what might be called competitive collectivism. On the occasion of the program's twenty-fifth anniversary, it may be appropriate to survey the program from this particular vantage point.[3] The article concentrates on the

[1] *Socialism: A New Statement of Principles,* presented by the Socialist Union (London, 1952), p. 55.

[2] Calvin B. Hoover, *The Economy, Liberty and the State* (New York, 1959), pp. 411–424.

[3] This is a selective, not a general, survey of the program's history. As this is being written, such general surveys are in preparation for the fall issues of the *Employment Security Review* and of the *Industrial and Labor Relations Review*. Earlier survey articles may be found in the annual proceedings of the Industrial Relations Research Association for the years 1955, 1956, 1958; also in the following law journals, which have devoted entire issues to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

two most distinctively competitive aspects of the American program—the existence of separate state systems and the use of the tax technique called experience rating—and reaches the conclusion that twenty-five years of experience have left them firmly established.[4] Their survival is part of the case for the viability of competitive collective action.

Unemployment insurance, a member of the social security family, resembles the biblical Joseph in being the youngest of its family and in being somehow different, set apart, from the other members. Germany established social security programs to cover old age and sickness in the 1880's but it was 1927 before it ventured on an unemployment insurance scheme. Even today, whereas 77 countries have social security programs covering work injuries, and 59 have programs covering old age and sickness, only 26 have programs covering the risk of unemployment (only 20 pay unemployment benefits without a means test).[5]

When the United States finally came to the point of enacting a social security system, in 1935, the strategist in command of drafting the bill placed the unemployment insurance provisions last (the Committee on Economic Security had originally placed them first) in the hope that the more popular programs, old age insurance and public assistance, would carry the most dubious one. After the enactment of the law, it was unemployment insurance that came closest to being declared unconstitutional.[6]

Furthermore, although unemployment insurance is now firmly rooted in our society, it is still the program which attracts the

unemployment compensation: *Law and Contemporary Problems* (Jan., 1936), *The Yale Law Journal* (Dec., 1945), *Ohio State Law Journal* (Spring, 1949), *Vanderbilt Law Review* (Feb., 1955). These surveys contain abundant references to the general literature of unemployment insurance. Partly for that reason, the present article includes comparatively few references—and those few chosen less for their importance than for their convenience in developing the theme of the article; this applies especially to references to the author's own writings.

[4] For the early history of these two features of the program, see Harry Malisoff, "The Emergence of Unemployment Compensation I," POLITICAL SCIENCE QUARTERLY, vol. LIV, 1939, pp. 237–258, 391–420, 577–599.

[5] *Social Security Problems Throughout the World, 1958*, U. S. Dept. of Health, Education and Welfare (Washington 25, D. C.).

[6] The first test (1936), on the New York unemployment insurance law, ended in a tie vote of the U. S. Supreme Court; the second test (1937), on the Alabama law, ended in a favorable verdict but only by a five to four vote.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

most criticism. This criticism reached its height in the reconversion period,[7] but a recent example can be found in the April, 1960, issue of *The Reader's Digest,* where the lead article is entitled "The Scandal of Unemployment Compensation." Although much of the criticism is uninformed, it remains an ecological fact of importance for the growth of the program.

Another indication of the less favored position of unemployment benefits in the social security system is the discrimination against the able-bodied unemployed in the social assistance (as distinguished from the social insurance) programs. The Social Security Act makes no provision for the needy in this category, and although all the states have programs of "general" assistance, twenty-one of these exclude the able-bodied unemployed.

None of the totalitarian countries has a program of unemployment insurance. Russia had a program, but "suspended" it in 1930.[8] Russia also saw to it that unemployment insurance was eliminated in its sector of Germany. When a commission representing the Big Four met in Germany after the war to re-establish the German social security system, Russia objected to the inclusion of unemployment insurance. "There will be no unemployment in our part of Germany for the next twenty years," the Russian delegate argued.[9]

When a social security team from the United States toured Russia in 1958 and asked about the absence of an unemploy-

[7] See Joseph M. Becker, *The Problem of Abuse in Unemployment Benefits* (New York, 1953), pp. 38–63. The *Baltimore Sun* won the 1946 Pulitzer Prize for a series of articles on this topic. The articles were declared to represent "the most meritorious public service rendered by an American newspaper during the year." *Ibid.,* p. xvii.

[8] "From 1928 through 1930, labor shortages apparently developed in certain areas. Measures to get the unemployed to work and to insure adequate manpower for expanding industry were discussed with increasing frequency. To this end, on October 9, 1930, unemployment insurance was abolished, and the state labor exchanges were told to 'take all steps necessary to put the unemployed to work at once,' even though this meant accepting work outside one's specialty which might have been refused given the alternative of insurance. From that moment to the present, unemployment has officially not existed in the U.S.S.R." Warren W. Eason, "Labor Force Materials for the Study of Unemployment in the Soviet Union," *The Measurement and Behavior of Unemployment: A Report of the National Bureau of Economic Research* (Princeton, 1957), p. 406.

[9] Interview with George E. Bigge upon his return from Germany as American social security representative. East Germany currently has a program of unemployment benefits, but subject to a means test.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment insurance program, they were told that there was no need for one, because there was no unemployment. Our team was not permitted to investigate the claim, but they encountered a number of cases which indicated clearly that the Russian definition of unemployment was far stricter than that used in capitalistic America. There was, for example, an engineer who had been out of work for a month and whose sole source of support was his working wife; he was not unemployed because there were jobs available in lower skill classifications which he declined to take. There was a widowed waitress living with her father; sometimes she was without work during the winter, but she was not unemployed because there were snow shoveling jobs available in Moscow.

What accounts for the less popular status of unemployment insurance? One reason seems to be that the need represented by unemployment stands lower in society's list of priorities than many other needs. Sympathy rises more easily and naturally in a case of the widowed mother, the orphaned child, the sick or aged, and even for the workman injured at his job.[10] If a society is able and willing to set aside a given amount of funds to be distributed to those in need, and if there is not enough to go around for every category, the need represented by the able-bodied unemployed is likely to be left to the last. In 1958, a technical consultant from the International Labor Office visited Turkey to advise that country on whether to set up an unemployment insurance program. The advice was in the negative—not because unemployment insurance was not desirable but because there were so many other needs to be met first.

A second reason for the distinctive position of unemployment insurance in the social security scheme is that it is more closely intertwined than the other programs, even than workmen's compensation, in the competitive market process and comes closer to being an integral part of the industrial machine. Unemployment insurance pays benefits to potential workers—rather than to widows, children, the aged, the sick, the disabled—and this, besides raising difficult problems of maintaining initiative, affects the bargaining power of labor. It affects the bargaining power of labor by affecting the main brake on the use of that power, unemployment. Unemployment benefits dimin-

[10] This is one reason why agreed bills are more common in workmen's compensation than in unemployment compensation. See Joseph M. Becker, *Shared Government in Employment Security* (New York, 1959), pp. 485–486.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ish, as they are intended to diminish, the pressure on the unemployed to take other, less desirable jobs. Unemployment benefits also diminish a social pressure that tends to limit strikes, namely the dissatisfaction of those thrown out of work by the strikes of others. Unemployment benefits are paid to unemployed non-strikers (in the railroad industry, even to strikers).

Thus, where the other social security programs operate like Red Cross units behind the lines, unemployment insurance also operates like a troop unit at the front and has implications for such general economic issues as wages, industrial discipline, productivity and inflation. A symbol of this industrial character of unemployment insurance, and to some extent a result of it, is to be seen in the fact that unemployment insurance is not housed with the other federal social security programs in the Department of Health, Education and Welfare, but dwells alone in the Department of Labor.

This background helps to explain why unemployment insurance in the United States retains so many of the individualistic and competitive characteristics of capitalism. The amalgam of capitalistic and socialistic elements is to be found throughout the program but is most manifest in two of its features—the autonomy accorded to the individual states and the use of experience rating. The first permits competition among the states; the second encourages competition among employers.

State Autonomy

The Social Security Act of 1935 made each state responsible for its own program of unemployment insurance. Each state was to decide what benefits it would pay under what conditions, and each state was responsible for meeting the resulting costs. A federal tax was imposed on the nation's employers, but this could be offset almost entirely (90 per cent) by a similar tax enacted by the states. Moreover, after a short initial period to gain experience (three years) each state was free to lower the tax practically as far as it wished.[11]

It would seem as if the initiators of the program had intended to have more federally imposed uniformity and less interstate

[11] The states were allowed to vary the tax only on the basis of the experience of each employer (the so-called experience rating system) but since the states were free to select any level of benefits, they could in practice assign any schedule of tax rates to fit any employer experience.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

competition. Everyone seemed to agree, even those who favored a maximum of state freedom, that unless the federal government acted to offset interstate competition, the states generally would not pass unemployment insurance laws.[12]

Given the decision to have a federal-state system, Congress could have used one of two methods to limit interstate competition: it could have required the states to levy a uniform tax and then let them pay what benefits they could out of the proceeds; or it could have established benefit standards and then let the states pay the costs in any way they wished. Congress actually did neither; it did not establish benefit standards, and it allowed each state to vary its tax after the first three years. In effect, the Social Security Act left each state legally free, after a period of three years, to set whatever benefit standards it wished. Although the need to prevent interstate competition was given as the reason for federal action, the law actually enacted left interstate competition almost untouched.[13]

The fact that for the past twenty-two years the states have been legally free to gut their programs and yet have not done so makes the history of the program essentially a measure of state performance. However, the possibility of further federal action was always in the background and must be rated a significant factor in the development of the program.[14]

Proposals for further federal action have taken two principal forms—the supplementation of benefits and the establishment of benefit standards. Proposals for Congress to supplement state benefits have usually stemmed from emergencies caused by war or recession. Such proposals were made, for example, in 1942,

[12] For example, Edwin E. Witte: "If the States are to act at all, there will have to be uniformity in this major respect—uniformity of cost." U. S. House of Representatives (74th Cong., 1st sess.), Committee on Ways and Means, Hearings on H.R. 4120, Jan. and Feb., 1935, p. 136. See also the many similar statements in Edwin E. Witte, "An Historical Account of Unemployment Insurance in the Social Security Act," *Law and Contemporary Problems*, vol. 3, Jan., 1936, pp. 158, 159, 163, 165, 167, 168.

[13] It is one of the curiosities of the 1935 legislation that this inconsistency escaped notice almost entirely. On each of the few occasions when some more perspicacious individual raised the question, it was either misunderstood, or answered incorrectly, or simply got lost in a discussion that branched off in other directions.

[14] For some examples of how the threat of federal action has helped to spur state action, see Becker, *Shared Government in Employment Security*, pp. 120–121, 228.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1944, 1945, 1952, and 1958.[15] Congress declined to take action on the earlier proposals and each time subsequent developments proved that the cry of "wolf" had been premature—the states readily weathered the emergency that had been made the basis for the proposed federal assistance.

Congress did act, however, in 1958, when exhaustions under the state programs had reached an unprecedented level. It established the Temporary Unemployment Compensation (TUC) program, which made interest-free loans (not grants) to states that wished to extend the duration of their employment insurance benefits. Seventeen states, with 55 per cent of the covered workers, participated completely in the program; seventeen others participated partly. Five states (Colorado, Connecticut, Illinois, Ohio and Wisconsin), with 16 per cent of the covered workers, declined the free federal loans and enacted TUC programs of their own.

Some observers see the 1958 congressional action as a major, precedent-setting break in the tradition of state autonomy. Others accord somewhat less importance to the TUC development—because it was a loan, not a grant; because it carried with it no federal standards; and especially because it was optional, not compulsory. However, a subsequent development, connected with the TUC program, may be very important for federal-state relations.

In 1959, after the recession, six states with 20 per cent of the covered labor force enacted permanent TUC programs of their own,[16] while some of the states which had borrowed TUC funds from the federal government began a quiet movement to have these loans canceled. The experience of the 1958 recession has therefore developed a serious split among the states, with one group favoring individual state responsibility and the other group favoring federal supplementation. If this split continues, it is certain to modify federal-state relations.

The most recent form of supplementation proposal has been for "equalization grants." Some states have much higher unemployment benefit costs than others. It has been proposed that

[15] The most intensive debate centered around the 1944–1945 proposals and is reported in Becker, *The Problem of Abuse in Unemployment Benefits*, pp. 3–37.

[16] In these states (California, Connecticut, Idaho, Illinois, North Carolina and Vermont) when unemployment reaches a given level, the duration of benefits is automatically extended.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the federal government make grants to such states in order to equalize (partially) the cost of unemployment insurance. It has been proposed, for example, that the federal government pay half of the additional costs of states whose unemployment benefits have averaged over a period of years 50 per cent higher than the national average.

A respectable case can be made for the desirability of equalization grants. Unemployment benefits represent a sizeable addition to a state's total tax burden. The average state in a normal year pays out in unemployment benefits an amount equal to at least half of its total payroll (wage and salary payments to state employees). In states that are particularly hard hit during a recession period, the costs can be even greater. In both Michigan and Pennsylvania in 1958, unemployment benefits were actually larger than the total state payroll. To grant a modicum of assistance to states experiencing abnormal difficulties is a customary neighborly gesture conducive to national unity.

Those who oppose any system of equalization grants do so because they fear that this concession to a pooling of costs will be followed by further similar proposals, and because they anticipate that any federal aid will be accompanied by federal standards. They also point out that states with higher than average unemployment do not necessarily have less liberal programs of unemployment benefits—on the contrary, states like California, Pennsylvania, Rhode Island, New York, have programs of more than average liberality. They note, finally, that although unemployment benefits look large as compared with state payrolls, they average less than 10 per cent of the entire state budget.

Proposals for federal benefit standards have a long history. Standards were advocated by the majority of President Roosevelt's advisory committee on social security in 1935 and were contained in the Social Security Act Amendments of 1939 as passed by the House of Representatives (the provisions were dropped when the bill reached the Senate). Several similar proposals were made between that time and the present, when the Kennedy-Karsten bill is currently before Congress.

The arguments for and against federal standards are too lengthy to be developed here.[17] Suffice it to say that the support

[17] The interested reader will find the principal arguments given in Wilbur J. Cohen's contributions to *Studies in Unemployment,* U. S. Senate (86th Cong., 2nd sess.), Special Committee on Unemployment Problems, Jan. 1960, pp. 323–326. The arguments are also summarized by the present writer, with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for federal benefit standards is increasing and that the knowledge gained through twenty-five years of experience has made more feasible the task of constructing workable standards. On the other hand it can be argued that the steady trend towards improvement which has marked the state programs in the past (see below) is making federal standards progressively less necessary.

The complete federalization of unemployment insurance is occasionally proposed as desirable in principle, but it has not been an active issue for at least a decade. The general federal-state pattern seems to have set firmly. A number of causes have combined to bring this about. Custom itself is a powerful force; the present federal-state structure has been in operation for a quarter of a century and has become a familiar feature of the political landscape.

Another cause is the great heterogeneity of the state programs. The differences between the states have grown rather than diminished, so that it is even more difficult now than it was in 1935 to devise one system acceptable to all. The differences are partly the result of continuing experimentation by the states, and partly they reflect the political adjustments that have been made year after year to accommodate the program to each state's changing political complexion. The unemployment insurance provisions have become an embedded part of the total power structure resting on bargains made between the various interest groups.

The states have experienced reasonable success in conducting their own programs, and this also has worked to perpetuate the present structure. Except in Alaska, the states have managed to stay solvent[18] while increasing the real protection afforded the unemployed by about 100 per cent.[19] As compared with those who received benefits in 1938, the first year in which benefits were paid, the beneficiary in 1960 received his benefits sooner, for a longer time, and could buy more real goods with what he

a somewhat different emphasis, in an article reprinted in U. S. House of Representatives (86th Cong., 1st sess.), Committee on Ways and Means, Hearings on Unemployment Compensation, April 1959, pp. 554–558.

[18] Michigan and Pennsylvania borrowed from the federal loan fund towards the end of the 1958 recession, but their situation improved before they actually had to use the money.

[19] In the large industrial states, in which most of the covered workers live, the increase has been even greater—about 200 per cent in California, about 400 per cent in New York.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

received. Most of this improvement represented decreases in the waiting period, which increased the total amount of money drawn by all except "exhaustees," and increases in duration, which did the same for "exhaustees."

The trend with regard to the amount of benefit has been mixed. The purchasing power of benefits has increased (the result of benefits rising faster than the cost of living); the ratio of benefits to net wages (net wages are gross wages minus income and social security taxes) has remained about the same;[20] but the proportion of benefits to gross wages has diminished, primarily because the maximum benefit has not risen as fast as wages.[21]

Recent studies of the adequacy of unemployment benefits indicate that the great majority of workers without dependents were receiving enough to meet their non-deferrable expenditures (defined narrowly to include only food, housing, clothing and medical care) but that men with dependent families needed to have their benefits raised by about one third to meet this norm.[22] This is strong evidence of the inadequacy of unemployment benefits for the most important segment of the labor force.

Eleven states have enacted some form of dependency allowances, whereby the claimant with dependents is entitled to a larger unemployment benefit. Three of these states (Illinois, Iowa and Michigan) have adopted the relatively new system of variable maximums, which pays the claimant with dependents the same proportion of his wages as the single claimant but pays him that proportion up to a higher maximum. But there are no indications of a trend among the other thirty-nine states towards imitating the eleven. This serious inadequacy of the program seems likely to remain, therefore, unless benefits for

[20] The ratio for claimants without dependents has increased somewhat, while for others it has decreased somewhat.

[21] The ratio of average weekly benefits to average weekly gross wages declined from 43 per cent in 1938 to 35 per cent in 1958. It should be recalled that the equivalent effect of decreasing the waiting period was an increase in the average weekly benefit that is not reflected in these statistics. If, for example, a claimant's weekly benefit is thirty dollars and if he is unemployed for five weeks, a reduction of the waiting period by one week is equivalent to an increase in his weekly benefit of $7.50.

[22] Six states (Florida, Missouri, New York, Oregon, Pennsylvania, South Carolina) cooperated with the Bureau of Employment Security to conduct these six benefit adequacy studies, which cover various periods between the fall of 1954 and the spring of 1958. The reports are available in the respective states.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

all classes of the unemployed are raised to the level needed by the family man.

This is not the only inadequacy in the protection provided by the program. The fact that protection has steadily increased does not necessarily mean that protection is now adequate. But the fact that there has been such a trend towards expanded protection and that the same forces which brought about the expansion in the past are still operative in the present has considerable relevance for the choice of leaving the program in the hands of the states or calling upon the federal government to assume more control. In the lives of institutions, the direction and momentum of their movement is at least as important as their present position.

Probably the strongest argument for giving the federal government a greater share in shaping the substance of the program is the failure of the states to reapportion their legislatures so as to reflect fairly the great growth of the cities, in which labor has its strength. Here again, however, there is a definite trend in the direction of improvement especially among the large industrial states,[23] some of which have begun to provide alternative procedures in the event that the legislature neglects its duty to reapportion.[24]

It is difficult to say whether the total protection of the system would have been greater if it had been completely federal. Provisions established by Congress would have been the result of compromises reached between the interests of the different sections of the country and might well have represented a lower standard of benefits than is currently paid by the major industrial states, where the great majority of covered workers live.[25]

As regards administration of the program, the federal government has always had the preponderance of influence. All administrative funds come from the federal government, raised by a tax of .3 per cent (probably .4 after 1960) levied on covered payrolls.

[23] Large states which have reapportioned one or more houses in recent years include Michigan (1953), Pennsylvania (1953), New York (1954), Illinois (1955), and Ohio (1957).

[24] California, for example, adopted a constitutional amendment in 1942 which provides that "should the Legislature . . . fail to reapportion the assembly and senatorial districts, a Reapportionment Commission, which is hereby created . . . shall forthwith apportion such districts." *Constitution of the State of California*, Art IV, Sec. 6.

[25] Seven states contain half of all covered workers.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The federal Bureau of Employment Security decides which state will get how much money for what functions. Although the Bureau and the states have worked with some success to develop a set of objective workload criteria to govern the allocation of administrative funds among the states, the Bureau still retains a substantial degree of discretionary judgment and therefore is in a position to exert considerable pressure on the states.

The Bureau also has a Big Stick which it brandishes on occasion. This is the threat to hold a state law out of conformity with the requirements of the social security act. The threat has been used often enough to make this one of the burning current issues. The states are pushing for some adequate form of "judicial review," whereby a state threatened by nonconformity can secure a stay of execution and appeal to the courts against the Secretary of Labor. The Bureau and the states are steadily coming closer to an agreement on the proper procedure for judicial review, and there is every likelihood that this issue will be settled in the near future.

Experience Rating

In the United States, unemployment insurance is financed entirely by a tax levied on payrolls and paid by employers. The United States is almost unique in this respect; in most other countries, unemployment insurance draws additional revenue from contributions by employees or the government or both. The decision to tax only employers represented a capitalistic choice; it was a first step toward making unemployment a "cost of doing business." But the United States went further; it took the ultimate step of taxing each employer on the basis of his individual experience, that is, in proportion to the amount of unemployment among his own employees.[26] This type of tax is called experience rating (in the early days, when the employer's personal responsibility for unemployment was being stressed, it was called merit rating) and the question of its desirability constitutes the most vigorously debated issue in unemployment insurance.

Three arguments were advanced originally in support of experience rating. The three are still used, but there has been a change in the relative emphasis accorded to each. Originally

[26] The inclusion of such a tax provision in the original Social Security Act is directly traceable to the Wisconsin School and ultimately to John R. Commons.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the main emphasis was on the argument that unemployment insurance would help to stabilize employment. This was understood in the narrow sense that the cost of unemployment benefits would exert direct pressure on the individual employer to avoid layoffs.

The arguments for and against this proposition are almost as theoretical today as they were twenty-five years ago. It is certain that the cost of unemployment benefits constitutes an added incentive to stabilize employment, and it is certain that some employers have some degree of control over the pattern of employment. It is therefore certain that experience rating is a force, pervasive and continuous, working in the direction of employment stabilization. But the exact strength of this force is a matter of conjecture. All that can be said is that, other things being equal, it is better to have a force which works with rather than against the economy in the pursuit of full employment.

A second argument for experience rating has received increasing stress in recent years. It is that experience rating makes employers more active in policing improper claims; also that it prevents collusion between employers and employees at the expense of the public.

There is no doubt that experience rating makes employers more active in policing claims. It is probably also true that there is no other effective way of securing such employer activity.[27] But it is not equally certain how advantageous this policing action is. Labor claims that such employer participation in administration constitutes a net disadvantage for the program.

Once again adequate evidence is lacking, but what evidence is available seems to indicate that on balance the policing action of employers is desirable. I have asked claims interviewers and referees in many parts of the country what their experience has been (they are the ones in the best position to judge) and practically all were of the opinion that employer participation in the administration of unemployment insurance helped rather than hindered the agency in attaining the goals of the program. The

[27] It is not a coincidence that in Rhode Island, where experience rating has not been operative (heavy unemployment has resulted in all employers paying the maximum rate), employer appeals from decisions in favor of claimants are almost non-existent. In other states, where experience rating is operative, it is normal to have a steady stream of employer appeals, of which employers win a third or more.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cases where employer participation hindered the agency were exceptional.

The value of employer policing is a function of the amount of potential "abuse" in the program. An estimate of this potential would have to rest on evidence of how many improper claims are currently being paid.[28] Here again there is a paucity of evidence. Although the control of potential abuse has undoubtedly improved in the last decade, knowledge of the extent of abuse has not. The state of our knowledge in this area has not changed significantly since this writer's investigation of the problem a decade ago.[29] For what it is worth, my current estimate of the extent of improper payments is that from 10 per cent to 15 per cent of all beneficiaries in the course of a year of normal unemployment draw some benefits to which they are not entitled by law but that these improper payments do not constitute more than 2 per cent to 3 per cent of all benefit payments. The greater number of improper payments are made to non-working rather than to working violators.[30]

Collusion, strictly defined, between employers and employees has been rare in this program, and experience rating has been one of the reasons for that. In the few instances that have occurred, the employer invariably was one who was paying the maximum tax rate and hence had nothing to lose by conniving with his employees to help them secure unemployment benefits to which they were not legally entitled. Even with experience rating, a kind of legal connivance occurs between employers and employees whereby unemployment benefits are made to serve as a regular supplement to wages. Instances are found chiefly among seasonal employers or among those who operate with short work weeks.

In general, if the automatic policing action of experience rating were not continuously at work, there would have to be much more policing done by administrative officials. Given the general drift of modern society towards more governmental control over individual action—a trend that is none the less

[28] An improper claim is one which the agency would not pay if it knew all the relevant facts. An improper claim is not necessarily a fraudulent claim.

[29] See footnote No. 7.

[30] Working violators are those who manage to draw benefits and wages simultaneously; non-working violators are those who manage to draw benefits even though they are not in the labor force.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dangerous because necessary—an institution that substitutes the impersonal control of competition for control by government has definite advantages.

The third argument for experience rating is the most fundamental and underlies the other two. To the extent that a society chooses to allocate resources by means of the free price system—rather than by means of authoritative controls—it is desirable that prices reflect true costs. But unemployment benefits are a part of the true, social costs of production, and the general effect of experience rating is to cause prices to reflect these costs.

The argument does not claim more for experience rating than that this is its "general effect." How the price is actually affected by the tax, and therefore how the burden of the tax is actually shared between employer, employee and consumer, varies with each situation and is never perfectly clear in any situation. It is only certain that unemployment benefits have been made an integral part of the competitive price system. Given an initial preference for that method of allocating resources, this effect must be judged desirable—other things being equal.

But other things may not be equal. There may be clearly undesirable effects proceeding from experience rating which offset the general presumption in favor of free competition. We do not allow competition to set the relative prices of all things —for example, of milk and whisky.[31] The undesirable consequences of experience rating that are most likely to occur are four in number.

Experience rating is said to have prevented the proper development of unemployment insurance by giving employers too great an incentive to participate in the program. The desirability of employer participation on the administrative side of the program was treated above. The desirability of employer participation on the legislative side is a more complex issue and cannot be treated adequately here. But at least certain misapprehensions can be removed regarding the relation of experience rating to employer activity.

[31] For that matter, experience rating itself is not allowed unlimited range. The maximum tax rates permitted under the system fall far short of assessing the full cost of the benefits against the employers with the greatest unemployment. To a limited extent these employers are subsidized by their fellow employers, who are sometimes their competitors.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

If the unemployment tax were uniform, instead of experience rated, employers would have as much incentive as they now have to keep benefit levels low if the total tax continued to be imposed directly on employers only, and they would be more united in their efforts. There would not be the division between high cost and low cost employers that exists under experience rating.[32]

Experience rating is also said to intensify competition among the states and thus again to keep down benefit levels. It is doubtful that experience rating as such has this effect. This is rather the effect of the states' freedom to set their own benefit standards and to vary their taxes accordingly. Even if the tax were uniform on all employers in the state, rather than experience-rated, the states would still be in competition with each other. Experience rating may actually lessen interstate competition. Tax rates tend to vary by industry, and two competing firms in the same industry but in different states are more likely to have comparable tax rates under experience rating than under a system that varied by state but taxed all employers uniformly within the state.

Experience rating is charged with two undesirable effects on the financing of the program. It is said to threaten solvency and to result in a tax rate which moves with rather than (as it should) against the business cycle. To the extent that solvency has been threatened[33] the effect, once again, is not attributable to experience rating as such but rather to the fact that the states are free to vary their taxes. Any other form of tax variation besides experience rating could have exactly the same effect; it is merely a historical accident that the only permissible form of tax variation up to the present has been experience rating.

The charge that experience rating results in a tax rate which

[32] For examples of this division among employers see *Shared Government in Employment Security*, chapters on California, New York, Pennsylvania, Rhode Island, Utah.

[33] The threat has never been a major one. The only fund actually to become insolvent is that of Alaska. After the 1958 recession, the funds of half-a-dozen states reached dangerously low levels, but all are in the process of rebuilding. Financial sophistication in unemployment insurance is growing rapidly. Anyone who has been out among the states cannot but be impressed by the marked development that is occurring in what might be called the science of solvency, a development that owes much to the federal Bureau of Employment Security.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

moves with rather than against cyclical fluctuations may have more substance to it, but it has not yet been established. One of the few statistical analyses of the charge[34] uses an unfortunate period, 1945–1957. The states began this period with excess reserves accumulated during the war, and during the period tended to lower taxes in good years as well as in bad. No great significance therefore attaches to a finding that taxes declined more rapidly in some good years than in some bad years. A more significant test in such a situation is whether states raised taxes during bad times. A cursory examination indicates that this has not been the national pattern. The average tax rate did not rise during any of the postwar recessions: During 1949 and 1958 it remained constant, and during 1954 it actually declined. During these same three years, moreover, benefit disbursements averaged about double the amount of tax collections (the ratio was 1.8 in 1949 and 1954, and 2.4 in 1958).

Whatever the historical relation (it has not yet been established) between experience rating and cyclical fluctuations, there seems to be nothing in the nature of experience rating as such that makes it less adaptable than any other kind of tax to counter-cyclical requirements. If it is difficult to devise a tax that meets the requirements both of solvency and counter-cyclical variability—and it is—the main reason probably does not lie in the experience-rated nature of the tax.

The Social Security Act did not require but merely permitted experience rating. The states gradually availed themselves of the permission until by 1948 the last state, Mississippi, had incorporated an experience rating provision in its law.

It is impossible to assess the extent to which the states adopted experience rating on the basis of principle. Since the federally imposed "normal rate" of 2.7 per cent proved excessive in relation to the benefits which the states had chosen to provide, and since experience rating was the only method provided whereby the tax could be reduced, the states were in effect compelled to adopt experience rating. For a conclusive test of the extent to which the states freely choose experience rating today, it would be necessary to amend the Social Security Act to permit alternative methods of tax reduction. Some evidence of support

[34] Clinton Spivey, *Experience Rating in Unemployment Compensation* (University, Illinois, 1958), pp. 63–73.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in principle can be seen in the fact that of the various available methods of experience rating, the one most widely used (the reserve ratio method is used by thirty-three states) is the one that most emphasizes individual responsibility.

Although experience rating is still highly controversial after twenty-five years, it is also firmly established, and there is little likelihood that it will undergo any major modification in the near future.

Summary and Conclusion

By its nature, unemployment insurance is more closely integrated with the competitive market mechanism than the other social security programs, and in the United States the relationship is closer than in other countries. Consequently, unemployment insurance in the United States is a unique amalgam of competitive and collectivistic elements that is most manifest in the program's federal-state structure and in its use of experience rating.

The considerable autonomy exercised by the states has resulted in a pattern of varying protection for the workers of the different states. That pattern is primarily a reflection of the differing degree of industrial development of the states. It has resulted in some workers having less protection than others, and the total pattern could be improved. But final judgment on it should assign suitable weight to the following considerations.

(1) The most liberal programs are in the largest industrial states, where most covered employees work. (2) States with higher than average unemployment do not have less liberal programs, but, on the contrary, have programs of average or above-average liberality. (3) The protection provided by unemployment insurance has expanded steadily during the past twenty-five years, and this trend is likely to continue. (4) Whether progress would have been sounder, or even faster, under the federal government is debatable.

The present federal-state structure seems likely to continue, at least as regards its essential features. If any modifications are made in the near future they will most likely take the form of federal benefit standards, federal equalization grants, or some permanent form of a federal TUC program.

The competitive impact of experience rating has been modified to some extent by considerations of general welfare, but,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

generally speaking, experience rating has made unemployment insurance in the United States a regular "cost of doing business." The system is still very controversial after twenty-five years, and little evidence has been accumulated by which the arguments for and against experience rating can be tested. What fragmentary evidence does exist seems to indicate that the advantages of the system outweigh its disadvantages.

In 1944 Doctor Eveline M. Burns presented an important paper to the American Economic Association in which she delineated three stages of social insurance evolution.[35] The stages differ from one another in a number of ways, but in general each succeeding stage emphasizes individual responsibility less and social responsibility more. Doctor Burns correctly placed the United States of that period in stage II, indicated that we were in movement towards stage III, but was uncertain when, if ever, we would enter stage III.

Now, sixteen years later, it is possible to report with respect to unemployment insurance that we have moved closer to stage III, but that we are still unmistakably in stage II and seem likely to remain there for the foreseeable future.

JOSEPH M. BECKER

INSTITUTE OF SOCIAL ORDER
ST. LOUIS UNIVERSITY

[35] Eveline M. Burns, "Social Insurance in Evolution," *American Economic Review*, vol. 34, Supplement, March 1944, pp. 199–211. This presentation has not received the attention it merits as an analysis of a psychological "law of growth" that may underlie the social security movement.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

GOLD IN WORLD MONETARY AFFAIRS TODAY

GOLD remains supremely important in world monetary affairs. This is so partly because the United States, the British Commonwealth of Nations, and France, as well as Russia, have a vital stake in gold, partly because the entire community of nations makes essential uses of it.

To help appraise the rôle of gold in the new era of the 1960's, this article reviews the place of gold in our present currency systems, domestically as well as internationally, and takes yet another look at the world gold picture—output, international flows, and official monetary stocks, with particular reference to the United States and the United Kingdom, the two reserve centers in whose currencies most other nations are holding a part of their reserves. It ends with the pragmatic conclusion that the problems of international liquidity are continuing ones; as some are dealt with, others arise. At this time, however, there is no need for any drastic innovations in our institutional arrangements and practices to provide more man-made reserves. Our international monetary system works after a fashion and, accordingly, it needs no drastic overhaul but rather a continuous, sensible adaptation to meet changing circumstances.

I

In the world today, central banks do not issue gold coins at a fixed statutory price in exchange for bank notes, as they did prior to 1914 in most countries and prior to 1933 in the United States. Nor do they redeem their note and deposit liabilities in gold bullion, as in the mid-1920's. Several nations, including the United States, the United Kingdom, the Netherlands and the Scandinavian countries, do not allow their citizens to hold or trade in gold. A gold market exists in London, but British and other sterling-area residents are not allowed to buy gold there, except for licensed uses in the arts and industry; only residents of nonsterling countries can buy gold in London—against U. S. dollars and other convertible currencies. Most other countries allow domestic holding of gold and some also permit free gold markets; very few countries—Germany and Switzerland, for example—allow their nationals to export gold

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

freely. In France, the authorities intervene in the gold market to smooth out day-to-day fluctuations. But nowhere do central banks deliver gold to their nationals at a fixed price for domestic holding.

Yet, gold has retained an essential rôle in our domestic financial affairs. In the United States and in some other countries, the central bank is legally required to hold a gold cover against its currency and deposit liabilities; in the United States, the required proportion is 25 per cent. In many countries, specified foreign exchange is eligible along with gold for currency backing. In the United Kingdom, Canada and certain other countries, on the other hand, the counterpart of the currency issue consists almost entirely of government securities; the domestic money supply is thus isolated from gold and foreign exchange flows.

Whether or not the note and deposit liabilities of the central bank are subject to statutory reserve requirements, however, no nation can frame its economic and financial plans and policies without regard either to the external influences to which it is subject or to the external repercussions of its own domestic economic and financial conditions. To be sure, the state of the country's gold (and foreign exchange) reserves is only one criterion for monetary and fiscal policies, and the importance of this guidepost varies from country to country and from time to time; but it is of greatest concern to countries that are heavily dependent on foreign trade or that have to operate on a narrow margin of reserves.

The idea that domestic monetary conditions could be divorced from the country's international reserve position—and money thus made more abundant anl cheaper—was put forward a generation ago by a British iconoclast, the late J. M. Keynes, who resented the link between domestic currency and gold as taking the control of money supply out of a country's own hands. He dismissed gold as a "barbarous relic" and advocated "scientific" monetary management. He applied his ideas principally to the United Kingdom and the United States, countries for which balance-of-payments "complications" could, at the time, be discarded. He paid little attention to countries that could not afford to neglect their international reserve position; nor was his theory worked out for the United Kingdom or the United States on the assumption that these countries would find themselves with inadequate reserves.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

But postwar experience has taught us otherwise. Most Continental Western European nations began to reaccept the link between domestic financial affairs and the country's gold (and foreign exchange) reserve position as far back as the early postwar years; the United Kingdom did so during the sterling crises of the 1950's; and Latin American and other countries during their economic stabilization efforts in the late 1950's. In 1959, the United States itself took very much the same measures as other countries to reduce a gold and dollar outflow that persisted throughout most of the 1950's but was greatly accentuated toward the end of the decade. It balanced the budget, restricted credit, and endeavored to improve the structure of the public debt and resist inflationary wage spiraling.

In the world of the 1960's in which the currencies of the principal trading nations have become convertible for most practical purposes and may well become convertible fully, the need for monetary discipline is being reinforced by competitive pressures from other nations for improved productivity, lower costs, attractive prices, and interest rates in proper relationship to those in other principal markets. These competitive pressures turn inflation into an immediate threat to profits and employment. Therefore, no country can with impunity allow its domestic monetary conditions, and hence its over-all demand for goods and services as well as its costs, to get out of line with those of other nations.

Domestic gold convertibility is gone, probably forever. But if a country restrains credit and lets interest rates rise in order to correct a balance-of-payments deficit, is it not following the rules of the gold standard?

II

In the community of nations, there is also much more similarity in substance than is sometimes believed between the traditional gold standard and our present gold arrangements. Indeed, if we define the gold standard as a system in which the value of currency is fixed in terms of gold, or in terms of another currency that itself is fixed in terms of gold; as a system where gold is the ultimate means of international settlements; and as a system where monetary reserves of the principal trading nations are held wholly or mainly in gold, then the similarity in substance stands out quite clearly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(1) Gold serves as the common denominator of currencies. The United States dollar and certain other currencies like the Belgian, French and Swiss francs, or the Dutch guilder, are defined by monetary legislation in terms of gold. Currencies that are not so defined—among which the pound sterling is the most prominent—are linked to gold through par values established in agreement with the International Monetary Fund, which are expressed in terms of gold or in terms of the United States dollar of the present weight and fineness, and are binding for all gold and foreign exchange operations of Fund members (unless the Fund otherwise approves, as it has done in the case of certain multiple rate practices in Latin America, etc.). This makes the United States dollar an anchor for the world's currencies.

(2) Gold remains the ultimate means of settling balances among the principal trading nations. To be sure, the bulk of international transactions is, as it has always been, "cleared" in the exchange markets, and the balances remaining after transactions have been set off against one another are settled, to an extent varying according to the country, by the use of United States dollars and pounds sterling, currencies in which many central banks and treasuries keep a part of their monetary reserves. But monetary authorities of the leading trading nations buy and sell gold bullion, at fixed prices or within prescribed margins on each side of a fixed par value, to settle international balances—hence the name "international gold bullion standard."

The U. S. Treasury thus sells gold to foreign governments and central banks, at the official price of $35 per troy ounce, to settle international balances; these foreign monetary authorities can exchange dollars for gold virtually automatically for such normal purposes. On the other hand, the U. S. Treasury stands ready to buy gold from foreign governments and central banks, without limitation in amount, at the official price.

The U. S. Treasury has, however, no commitment to buy or sell gold. The present practice could, therefore, be changed without notice. But if the U. S. Treasury were to stop selling gold to foreign monetary authorities or buying gold from them, the whole system of trade and payments of the western world would be thrown into confusion. The Secretaries of the Treasury have repeatedly stated that the assured interchangeability of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dollars and gold at $35 per ounce is a basic element of strength in the international financial structure.[1]

In the United Kingdom, the institutional arrangements are quite different from those in the United States. The London gold market was reopened in 1954 after a closure of sixteen years. As already noted, only residents of countries outside the sterling area may purchase gold there—against United States dollars and other convertible currencies; the demand stems mostly from central banks. On the other hand, the supply originates mostly from new mining, but official sales, including Russia's, are also important. The chief differences between the London market and the gold arrangements in force in the United States are that private interests can purchase gold in London but not from the U. S. Treasury and that there is no fixed statutory gold price in the United Kingdom.

(3) Gold is the principal form in which central banks and governments hold their country's international reserves. The preference for gold is only in part a matter of legislation; it also reflects consideration of prestige and tradition, and the desire to protect the country's reserves against the hazards of depreciation.

The United States keeps its reserves exclusively in gold. Some countries hold the bulk of their reserves in gold (Belgium, the Netherlands, Switzerland, and the United Kingdom). Some others have, in recent years, been increasing the proportion of

[1] The United States official price of gold of $35 per troy ounce was established by Presidential Proclamation on January 31, 1934, under the authority conferred on the President by the Gold Reserve Act of 1934. The Proclamation reduced the gold content of the dollar to 59.06 per cent of its former parity; the President's power to devalue the dollar further (to 50 per cent of its former parity) expired in 1943. Only an Act of Congress can now alter the gold content of the dollar.

A distinction is sometimes made between the gold content of the dollar, which can be changed only by an Act of Congress, and the market price for gold, which could be changed under Sections 8 and 9 of the Gold Reserve Act authorizing the Secretary of the Treasury to buy and sell gold, at home and abroad, "at such rates and upon such terms and conditions as he may deem most advantageous to the public interest," that is, at rates other than $35 per ounce. This authority has, however, been circumscribed by the obligations assumed by the United States as a member of the International Monetary Fund. Moreover, it is stipulated in the Bretton Woods Agreements Act of July 31, 1945 that any change in the par value of the United States dollar shall require legislative action by Congress.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

gold in their reserves (Austria, the Federal Republic of Germany, Italy, and Japan). The remainder of Western Europe's and Japan's reserves are held mainly in dollars and sterling. Elsewhere in the world, most countries hold much smaller total reserves—and, out of these smaller reserves, much lower proportions in gold—than Western Europe.

With regard to the side directly related to balances of payments, reserve movements, and exchange rates, therefore, the main difference between the traditional gold standard and our present institutional arrangements is that a certain leeway has been built into the world monetary system by the International Monetary Fund. Under the old gold standard the limit to the balance-of-payments deficit that a country could run on current account was determined by the size of its disposable gold (and foreign exchange) reserves plus the amount that it (or rather its nationals) might borrow abroad. Today, the function of equilibrating the balance of payments is performed not only by gold and foreign exchange, and by borrowing in world financial markets, but also by credits extended by the International Monetary Fund.

Furthermore, the Fund, while standing for stability in exchange rates, also makes possible orderly changes in exchange rates. The Fund thus aims to provide a pattern of exchange rates sufficiently rigid to enable traders and investors to count on reasonable exchange stability, and yet supple enough to permit such orderly adjustments of exchange rates as might be required to deal with a fundamental balance-of-payments disequilibrium.

III

If gold is to fulfill its essential functions in our monetary system, its supply must, of course, be just about "right." If there were not enough gold, it might be difficult to ensure a proper growth of international trade and investment in an environment of economic freedom. On the other hand, if there were too much gold, its usefulness for the world's monetary system might well be impaired. This, indeed, has happened to silver, and if a lesson for gold may be drawn from the history of silver, it is that gold can retain its usefulness as a monetary metal only if it remains abundant enough to permit a steady increase in monetary reserves and yet scarce enough to be sought and absorbed.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Let us look for the moment at the world gold supply. World gold production, excluding Russia,[2] has been rising by 5 per cent a year since the end of 1953, when the current phase of expansion began; in 1959, the rise was 7 per cent. Last year's gold production was worth approximately $1,150 million—some $400 million more than output in 1945, the postwar low, and only about $125 million less than in 1940, the all-time peak. The postwar rise in output has been due basically to an increase in South African production which now accounts for two thirds of world gold output. South Africa's output is, according to official estimates, to reach its peak in about ten years' time; it would then be about 5 per cent higher than at present—assuming the present price of gold and no sharp rise in costs.

In addition to its current gold output, the western world, year after year, gets a sizable amount of gold from Russia, which sells it to cover deficits in its international payments. Considering the rôle of gold in the Soviet economy—a war chest and a means of paying for imports—it appears probable that Russia will consistently sell some, but not all, of its newly-mined gold. According to western sources, such sales have been about $150–$250 million annually during recent years. Russia's output and reserves remain a closely guarded secret; but Russia is generally believed to be the second largest world gold producer —after South Africa—and the second largest gold holder—after the United States.

Apart from current output and Russian sales, there is, potentially, a third source of gold supply: release of privately-held gold, which added greatly to gold supplies in the 1930's. Some gold may well have been released by Frenchmen during the past two years; for the world as a whole, however, dishoarding has been conspicuous by its absence.

Altogether, therefore, the additions to the Free World's gold supply in 1959 can be estimated at some $1,400 million—$1,150 million from annual gold output in the western world and $250 million from Russia. This is the largest addition to the gold supply in any postwar year; and, since the mid-1950's, the trend has been decidedly up.

Of the current gold supply, some is consumed in the arts and industry or absorbed in private hoards, and some finds its way

[2] Unless specifically stated, gold data given in this article exclude the U.S.S.R., Mainland China, and countries in their orbit.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

into official monetary stocks. During the earlier postwar years, additions to official stocks were small even though they rarely fell below 50 per cent of the current supply. In 1959, an estimated $800 million was added to reserves while close to $600 million was consumed in arts and industry or "disappeared" in private hoards.

In the Middle and Far East, gold hoarding is a normal form of saving. In Europe and in the Americas, on the other hand, it appears to be essentially a means of minimizing losses that are expected to result from political, economic, and social upheavals and the concomitant inflationary pressures and currency depreciations. Monetary stability and confidence in the leading currencies, including the United States dollar, must unquestionably be maintained if gold is to flow into official monetary stock in adequate amounts.

As a matter of fact, from the end of 1948 through 1952, official gold stocks increased by $400 million a year; during the following four years, by $600 million a year; and during the subsequent three years ended 1959, by about $700 million a year. The increase in 1959 alone was, as just noted, $800 million. More and more gold has thus gone into monetary reserves to buttress international liquidity.

In spite of growing accretions, world gold reserves have been increasing during recent years at an annual rate of only 2 per cent while international trade, even at constant prices, has been expanding at a rate two or three times as great. In 1937, total official gold reserves were almost as large as total world imports; in 1959, they equaled only two fifths of imports. It is this discrepancy, more than anything else, that has given rise to fear that there might not be enough gold to go around.

These statistical findings are, of course, most interesting but as G. K. Chesterton once said, statistics should be used "as a drunkard uses a lamp-post, for support rather than illumination." For one thing, there is, in the complex real world, no scientific proof of any direct causal relationships between gold, commodity prices, and world trade. And for another, arithmetical comparisons of international reserves and world trade over time are inconclusive.

There are, at least, two reasons for doubts concerning such causal relationships. First, the booming present-day world is very different from that of the depression of the 1930's; and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

second, a mechanistic calculation of ratios between trade and reserves neglects the essential fact that trade is financed by reverse trade and capital flows. More trade may mean more interdependence, but not necessarily more instability and hence greater need for larger reserves.

This, indeed, has been the experience of the past decade. World trade has grown by leaps and bounds but it is undoubtedly balanced much better today than ten years ago. A given volume of monetary reserves can thus support a larger volume of trade than was possible in the early postwar years. Furthermore, trade and other current payments are much freer, more orderly, and more multilateral than ten years ago; capital also moves more freely in response to rewards, which greatly helps balance international payments. Also, in a world where currencies are increasingly convertible, a country can offset deficits vis-a-vis some of its trading partners with surpluses elsewhere. Finally, private credits may be obtained to finance imports and exports; the "float" of such credits, which is very large, is an essential element of international liquidity.

IV

To present a realistic and meaningful picture of the world gold position today, it is necessary, above all, to take into account the distribution of reserves among various countries and the position of the United States and the United Kingdom as centers in which other countries hold reserves.

Today, the economically and financially developed countries of Western Europe other than the United Kingdom—as well as Japan—have reserves that may well be regarded as adequate. Western European countries as well as Japan have restored currency convertibility, at least for nonresidents; European countries have freed a substantial part of their imports from discriminatory restrictions directed against United States goods while Japan has begun to liberalize its imports step by step.

It is the less developed nations of Latin America, Asia, and Africa that are short of reserves. But this is in no way a sign of a faulty international monetary standard. It merely shows that less developed countries have been unable to earn reserves or unwilling to put into reserves some of their exchange earnings. Like an individual, a nation can build up its cash reserves only the hard way—by living within its means and saving part

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of its income. In fact, for the less developed countries, the shortage of reserves is, basically, a shortage of long-term capital for development. Recently, even countries that wish, more than anything, to speed up the rate of economic growth have begun to realize that investment in monetary reserves may, within a short period, prove more productive than some of the real investment they must thus forego. By building up reserves, countries are able to avoid exchange crises and the accompanying restrictions on economic growth. It may well be that in the years to come countries in Latin America, Asia and Africa will wish to keep higher reserves than today.

Another crucial aspect of the world gold position is the adequacy of reserves of the United States and the United Kingdom relative to their short-term liabilities to other nations and thus their ability to fulfill effectively the rôle of international bankers.

The improvement during the past decade in the reserve positions of other countries has been made possible principally by an enormous transfer of gold and dollars from the United States to the rest of the world. In June, 1960, monetary gold reserves held outside the United States (that is, those of foreign countries and international financial institutions) stood at some $21 billion —over $11 billion more than in December, 1949, three months after the devaluation of sterling and many other currencies as a result of which the world exchange rate structure became much more realistic than in earlier postwar years. Of this increase in gold stocks, $5 billion came from the United States and the remainder mainly from new gold output and Russian sales. At the same time, foreign countries added over $12 billion to their liquid dollar assets. Altogether, therefore, gold outside the United States and foreign dollar holdings, at some $40 billion in June, 1960, increased by $23 billion in the past decade, of which $17 billion came from the United States.

Redistribution of reserves is a good thing insofar as it measures the success of Europe, where most of the gold has gone, in stabilizing its currencies and increasing its industrial power. This was a long-sought objective of the postwar international economic and financial policies of the United States, beginning with the Marshall Plan in 1948.

As now redistributed, with the United States gold stock slightly less than one half of the world total, the gold held in mone-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tary reserves can be more actively employed in international settlements than ten years ago when the United States held two thirds of the world's stock. In 1928, it should be recalled, the United States held approximately two fifths of the world monetary gold stock, and in 1913 one fifth. Even now, after substantial transfers of gold to other countries and to the International Monetary Fund, the gold reserves of the United States —at $18.6 billion in mid-October, 1960—are far larger than those of any other country.

The United States needs a comfortable gold reserve. As Secretary of the Treasury Robert B. Anderson pointed out in his article in the April 1960 issue of *Foreign Affairs*, our reserve "should be large in order to provide a cushion against various contingencies and to secure our short-term liabilities. It seems to me that substantial changes in that reserve can be viewed with equanimity only if they are likely to be of relatively short duration and not persistently in one direction."

Far-reaching deductions are sometimes drawn from the fact that, out of a gold stock of $18.5 billion, gold required as cover for currency stood in October, 1960 at about $11.5 billion and only $7 billion was thus left "free." On the other hand, our short-term liabilities to foreigners amounted to $17.4 billion in July, 1960. With short-term liabilties to foreigners of over $17 billion and "free" gold of only $7 billion, so runs the argument, the United States will have to restrict gold convertibility and devalue the dollar.

Nothing of the sort is, of course, inevitable. The international standing of the dollar is affected not only by the size of the gold stock relative to short-term liabilities abroad but also by the intrinsic strength of the United States economy and by our monetary, fiscal, and other policies.

Foreign officials, bankers, and traders are, of course, aware that the United States is a richly-endowed country, with an efficient, productive, and flexible economy; that it remains, even after the rehabilitation of other industrial nations, the world's largest exporter of manufactured products; that it is the world's largest capital exporter, and possesses long-term investments abroad that exceed long-term investments of foreigners in our own country by some $40 billion.

So long as the United States manages its affairs properly, other countries will be satisfied with a gold backing of less

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than 100 per cent for their short-term dollar claims. If they were to lose confidence in the dollar, they would, of course, seek to transfer funds into more desirable currencies or into gold. Even more important, however, if the idea gained ground that conditions were developing under which a rise in the price of gold would be inevitable, Americans themselves would seek gold. Americans and foreigners, it must be hoped, will not take fright at shadows. More than anything else, however, their willingness to hold dollars is directly and immediately influenced by the monetary, fiscal, and other policies that our Government and the Federal Reserve decide to pursue.

So far as one can see, there are no signs of a "dollar panic." In fact, during the past two and a half years when the United States had a large deficit in its balance of payments, foreign nations have been enlarging, not reducing, dollar balances and investments. Yet, although we are not confronted with an emergency, we must not take our balance-of-payments deficit lightly. For it could not be sustained for many years, nor will it be corrected by the mere passage of time without conscious effort.

The position of the United Kingdom as a reserve center also shows light as well as shade. The very fact that the pound sterling has become, for foreign holders, increasingly convertible into dollars or gold is, in itself, a substantial contribution to international liquidity. Furthermore, the rehabilitation of exchange, gold, and money markets has greatly enhanced the position of London as an international center. These are developments of great import that have far-reaching implications for the financing of world trade, the international movements of funds, and the functioning of the international currency system.

Holdings of sterling by foreigners totalled in mid-1960 the equivalent of some $10 billion; of this amount, however, $2.4 billion was held by British colonies and $5 billion by other countries that have special political or financial ties with the United Kingdom. Furthermore, these balances, which look big on paper, are in part earmarked as backing for domestic currencies. Of the remaining $2.6 billion, Continental Western European countries held about $1.4 billion, and the United States and Canada only $250 million.

On the other hand, the United Kingdom held in mid-1960

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

some $2.5 billion in gold. External sterling liabilities to others than colonies are thus roughly three times as large as Britain's gold holdings; liabilities to countries outside the sterling area are approximately equal to Britain's gold holdings.

Admittedly, British reserves are not as large as might be desirable for an international center. Furthermore, as the British authorities have repeatedly stressed, sterling cannot continue to be used as an international trading and reserve currency unless it remains strong. On several occasions during the past decade, Britain was compelled to resort to drastic monetary and fiscal restraints to preserve reasonable monetary stability and counter the withdrawal of sterling balances.

Our present international monetary standard thus operates with two reserve centers. In periods of calm, a two-center world can function as well as a one-center world, but in periods of stress, wide and sweeping movements of funds create strains in the international financial structure. As the International Monetary Fund's report on *International Reserves and Liquidity* states: "There is always the possibility—slight though it may be—that there may be a run to convert dollars into gold and sterling and sterling into dollars or gold." Clearly, the reserve centers must remain strong if our monetary system is to function well.

V

To help strengthen the United States' gold position and at the same time provide more reserves for an expanding world economy, several ideas have recently captured the imagination of some students of international banking and have received considerable publicity here as well as in Europe.

One suggestion is that Congress abolish the 25 per cent legal gold requirement against Federal Reserve note and deposit liabilities. Another is that the United States Government guarantee against devaluation all dollar balances in the hands of foreign treasuries and central banks so that dollars held by foreign monetary authorities would become as good as gold.

Still another proposal is that dollars held as reserves by foreign treasuries and central banks be transferred to a reformed International Monetary Fund—an arrangement that would remove once and for all the threat of a run on our gold. Another variant seeks to ease the access to the resources of the International Monetary Fund as presently constituted; this would

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enable members, including the United States, to regard at least a part of their drawing rights on the Fund as an addition to their own reserves.

The proponents of these ideas are, of course, fully aware of the overwhelming need for monetary stability in the United States. For my part, however, I strongly doubt whether the policies necessary to maintain monetary stability would be implemented more promptly, more courageously, and more effectively if we were to eliminate our legal gold reserve requirement or dispense with the use of the dollar as an international reserve currency.

To deal with our external deficit effectively and responsibly, we must concern ourselves with the substance of difficult and delicate problems. There is, I think, genuine danger that changes in our present institutional arrangements and practices might mistakenly be regarded as substitutes for substantive policies. The fundamental task we face is to secure as much economic growth, and as high a standard of living, as are attainable with reasonable monetary stability. We would deceive ourselves by thinking that mere changes in our institutional arrangements and practices would solve these fundamental problems for us.

VI

Having discarded radical innovations, I am bound to conclude that the problems of international liquidity can best be met within the framework of the existing international monetary system. Surely, international liquidity is a legitimate object of concern. But it is not pressing at this time, and—considering everything—our currency standard is capable of providing the reserves required to ensure a growing flow of international trade and investment.

The first source of world monetary reserves is, of course, gold itself. Given the arrangements that have been made for economizing on the use of gold, the annual accretions to reserves from new output should go far toward satisfying the world's needs for reserves. Over the next decade, the addition to reserves from current gold production at the present price of gold is likely to amount to at least $7 billion, and perhaps considerably more, even after allowing for continuing gold "disappearance" into private hoards.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Man-made reserves are, however, also important. As already noted, the largest single factor in the growth of foreign monetary reserves during the past decade has been the balance-of-payments deficit of the United States. As our balance of payments is righted, as it must be, this source of reserves will dry up. But the reserve position of foreign nations has by now improved so much that a reduction in the United States payments deficit to manageable levels would not leave them pinched. Clearly, gold and dollars that foreign nations have acquired through transactions with the United States will remain outside this country so long as the rest of the world does not incur deficits with us, as in the earlier postwar years; there are currently no signs of this. Therefore, even after the United States has succeeded in reducing its external deficit, the rest of the world will be reasonably well off, at least for some time, with regard to its dollar holdings.

Furthermore, the convertible pound sterling is an essential aid to world commerce. Its usefulness and standing have recently been greatly enhanced. With the present output and productivity in Britain, and with present British economic and financial policies, the pound is able to do a much better job than ten or fifteen years ago.

Liquidity is a relative thing. A country usually meets a deficit in its balance of payments first out of its own monetary reserves. A credit-worthy country is, however, increasingly able to supplement its reserves by borrowing, whether from the United States or from some countries of Western Europe. Private credits may be obtained to finance imports or exports, and public credits may be obtained by one country from banks in, or governments of, other countries as well as from international institutions. Besides, movements of short-term capital in response to interest-rate differentials among the money markets within Europe, and between the various European centers and the United States, are once again becoming more frequent. Such movements were a primary equilibrating factor before 1914; and although they can worsen rather than relieve payments imbalances (as in the 1930's and, in the case of sterling, on certain occasions during the past decade) this is not necessarily so since the matters like these very much depends on policies.

Finally, the International Monetary Fund has proved itself to be a responsible custodian of international reserves for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

emergencies. The Fund's resources, though small when compared with total gold and foreign exchange reserves, are nevertheless substantial. For example, the Fund's holdings of gold and of the eight currencies which have thus far been drawn amount to about $9 billion. While these resources can be drawn by members only within the context of the Fund's policies on the use of its resources, they can be and have been used in ways which have a wider and deeper effect than the actual amounts would seem to warrant. Many illustrations could be given, but the most striking one is the Fund's support of sterling in the crucial period 1956–57 in the amount of $1.3 billion.

Indeed, the recent increase in the Fund's resources seems adequate to meet such reserve needs as are likely to arise as far ahead as one can see. In an extraordinary contingency—whether a run on a major currency, prolonged weakness of primary commodities, or a deep business recession in industrial countries —the Fund might be endowed with the additional resources required by the circumstances. These could then be put to use where they would be most needed to prevent a crack in the international monetary structure.

VII

Our present arrangements come as near as may be practicable today to providing a single worldwide currency system. But is it still a gold standard?

Before 1914, when gold coins in active circulation were used as a means of payments, a rise in prices led to a greater demand by the public for gold coins, and hence to a drain on central bank reserves, in addition to whatever external drain might arise. On the other hand, if prices fell, reserves increased. Price changes thus brought certain corrective forces almost automatically into play. Gradually, as paper money became more and more important, central banks began to counter an outflow of gold by increasing the discount rate and by other restrictive measures; in fact, it was frequently sufficient to call a halt to domestic credit expansion to stop the gold outflow. As Per Jacobsson pointed out laughingly, the gold standard worked because it rested on what a poet, in a quite different connection, had called "a few strong instincts and a few plain rules."

The pre-1914 gold standard provided a basis on which output and living standards had been increasing at a rate beyond any-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

thing known up to that time. After the First World War, practically all nations that had suspended gold payments returned to gold, but in the early 1930's the re-established gold standard broke down. In the perspective of history it is fairly clear that the gold standard of the 1920's proved unworkable not because of any inherent institutional defects but because of conflicting policies. No international monetary system, whether or not based on gold, could have stood the strain of such mutually inconsistent policies as those followed with regard to German reparations, trade, money and credit, and foreign exchange in France, the United Kingdom, and the United States, the three pillars of the financial order of the 1920's. The idea thus spread that the gold standard could no longer work, and nations began to practice "monetary management."

As the world has learned through bitter experience, "management" has not always shown itself as vigilant, skillful, and courageous as is necessary to safeguard reasonable price stability at home and enable the international monetary system to function properly.

The consequences for the international monetary system of faulty domestic policies are direct and immediate. Indeed, whenever a country loses reserves in large amounts, there is reason to believe that it has faulty policies. It may tolerate inflation, which brings about excessive spending on imports or draws exportable goods into domestic uses; it may fail to check cost increases and thus price its exports out of world markets and make imports unduly cheap; and, because of expectations of further monetary and fiscal disorders, it may suffer from loss of confidence in its currency. When, on the other hand, a country restricts domestic demand and prevents or moderates the rise in domestic costs—and thus expands exports, holds down imports, and maintains confidence in its currency—the result is an improvement in its balance of payments.

To be sure, the balance-of-payments problem of a given country is not necessarily a mere by-product of inflation; it may also stem from structural problems of production, productivity, and foreign trade. But even though these structural problems are important, they cannot be dealt with realistically without checking inflation, which greatly aggravates such problems.

Postwar currency experience in Western Europe and elsewhere offers many striking examples of these ineluctable relation-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ships between domestic economic and financial conditions and policies and the balance of payments. At the same time, the insulation of the United States from the influence of forces at work through the balance of payments may well have come to an end. Among other things, the United States must pay greater attention than it has done until quite recently to the effects of wage settlements upon its ability to compete with other industrial nations. Countering inflationary pressures in a buoyant American economy is, of course, necessary for overwhelming domestic reasons; but injury to the international standing of the dollar clinches the case.

Thus, although we are far from the "few plain rules" of the old gold standard, the need for monetary discipline is as real, and penalties for its disregard as direct, as before. But our problems are much more complex.

It has now been realized in many countries that, to safeguard monetary stability and thus provide for sustained economic growth, monetary policy must be flexible: There is a time for cheap money, and another for dear money, and it all depends on the circumstances.

It has not yet been fully realized, however, that in "managing" our financial affairs fiscal policies are as important as monetary policies. Governments keep extending their own claims on economic resources. In the United States, the combined expenditures of federal, state, and local governments are up to 30 per cent of the nation's total output. In Europe, such expenditures are sometimes as much as 35 per cent of the gross national product. Also, there has been a large increase in public debt, with a result that difficult problems arise whenever a sizable portion is due at short-term.

Finally, in economies that are always close to a position of practically full employment, price and cost structures have become quite rigid. In none of the postwar business recessions did costs and consumer prices show any appreciable downward trend. It should be noted, however, that in many European countries whose prosperity depends on exports, labor is, as a rule, more alive to the need for avoiding excessive cost increases than in the United States. In a world in which currencies are convertible for most practical purposes, comparative costs and prices have become once again vitally important.

The need for monetary discipline does not, of course, imply

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that a country cannot take reasonable measures, including easier credit conditions, to help counter a business recession. In the case of a key country like the United States, other nations would expect it to take expansionary steps in such circumstances; they themselves have a large stake in the maintenance of business activity in the United States, which provides the biggest import market in the world. But even the United States may well need to exercise more discretion in the use of economic stimulants than at some time in the past. Specifically, it can no longer afford to carry cheap money to extremes or loosen the reins on government spending. It needs to find fiscal policies, such as tax reforms, that can check recessions and stimulate production effort and economic growth without opening the floodgates to inflation.

Amidst the many uncertainties in the world today, there can be no assured hope that nations will submit to monetary discipline. Optimist though I am, I feel unable, therefore, to conclude in a wholly reassuring way. But if there is any hope at all of succeeding in our endeavors to safeguard domestic monetary stability, which is the foundation of any stable international monetary system, success will have to come the hard way. We cannot rely on such formal attributes of the gold standard as gold-coin convertibility. On the contrary, we must deal with our problems in their very substance. Above all, we must recreate conditions, in each country and in the world at large, in which free dynamic economies will learn how to maintain a rapid economic growth and high living standards without at the same time allowing the purchasing power of their currencies to be whittled away bit-by-bit and without indulging in chronic balance-of-payments deficits. This, indeed, is the hard core of the problem of international equilibrium in the twentieth century.

MIROSLAV A. KRIZ

THE FIRST NATIONAL CITY BANK OF NEW YORK

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WEST NEW GUINEA IN THE CRUCIBLE

A significant aspect of the visit of Soviet premier Nikita Khrushchev to Indonesia during the latter part of February this year was his unequivocal support of the increasingly aggressive attitude taken by Indonesia in its dispute with the Netherlands over West New Guinea (or *Irian Barat* as Indonesians call it). This was the only territory belonging to the former Netherlands East Indies which was not transferred to the revolutionary Indonesian government in December, 1949. Since that time Indonesia has repeatedly but vainly attempted to have the United Nations support its claim to the region. The West New Guinea issue was the principal reason for the rapidly deteriorating relations between Indonesia and the Netherlands after 1949, for the expulsion from Indonesia of some 30,000 Dutch, and for the nationalization of Dutch enterprises and holdings in and since December, 1957.[1]

I

In the Netherlands there has been no indication of a more conciliatory course toward Indonesia. Only three political parties—the Communists, the Pacifist Socialists and the Dutch Labor Party—oppose the De Quay cabinet's policy of retaining Dutch control over West New Guinea while guiding its development towards ultimate autonomy. Of these parties, the Communists and Pacifist Socialists are small and unimportant. The Dutch Labor Party, however, is one of the largest political groupings in the Netherlands and in it there has long been division over Dutch policy towards Indonesia and West New Guinea.[2] A minority view in the party is that West New Guinea should be given outright to Indonesia sooner or later, but the majority favors its transfer to the United Nations. Early in February, 1960, the Lower

[1] On the legal and international aspects of the Dutch-Indonesian conflict over the area see Justus M. van der Kroef, *The West New Guinea Dispute* (New York, 1958).

[2] See e.g. *Het Vraagstuk Nieuw-Guinea. Rapport van de Dr. Wiardi Beckman Stichting* (Amsterdam, 1958), a report commissioned by the Dutch Labor party and dealing with alternative courses of action in the present stalemate.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Chamber of the Dutch States General rejected a proposal by the Labor deputy C. L. Patijn that West New Guinea be made a United Nations trust territory with the Netherlands administering the trusteeship during the first decade. This would end Dutch sovereignty over West New Guinea, now provided for by the Dutch Constitution. Largely for that reason, the motion met solid opposition among the more conservative groups.[3]

The Dutch government would prefer a development in which the inhabitants, after a free expression of their choice, either remained united with the Netherlands or joined with Australian-held East New Guinea in a political union or federation, one that might include contiguous island areas. During a visit to Australia early in 1960, T. H. Bot, Dutch Secretary of State for West New Guinea Affairs, supported Prime Minister Menzies' idea that a "Melanesian Union" joining West and East New Guinea and other nearby regions, was a distinct possibility.[4] Already, in the past two years, some Dutch-Australian cöoperation in the handling of New Guinea can be seen. Australia has warned Indonesia against armed aggression in West New Guinea and the Dutch government, with some reluctance, has recently agreed to supplement the territory's limited defenses by forming indigenous Papuan battalions.

These developments have heightened political feeling in Indonesia, where the claim to West New Guinea is perhaps the only issue on which articulate public opinion seems wholly united. Official Indonesian pronouncements have become more menacing. On July 31, 1959, Indonesia's Foreign Minister Subandrio stated that Indonesia would not seek to introduce its dispute with the Netherlands over the status of West New Guinea into the United Nations again, but, instead, would embark "on a contest of power" with the Dutch to recover the territory. Indonesian spokesmen said later that those enterprises in Indonesia still operating in part with Dutch capital would be the target of further nationalization measures if Dutch "stubborness persisted." But Dutch capital in Shell Oil and in French, English and Belgian estate corporations in Indonesia seems hard to dislodge without creating more severe complications than the capital-starved Indonesian government is willing to put up with.

[3] Ministerie van Binnenlandse Zaken (The Hague), *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea,* February 3 and 8, 1960. (mimeo.)

[4] *Ibid.,* February 16, 26, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Thus a military note has been more clearly sounded of late. In February, 1960, Lieutenant-General A. H. Nasution, Minister of Defense and Army Chief of Staff, declared to the Indonesian parliament that plans for the "liberation" of West New Guinea are now being made. "Indonesians should be prepared to face all consequences of the struggle to regain West Irian, including territorial war." The struggle for the region, he went on, should be viewed "in all phases," including the military. Various youth groups, coördinated by the military high command, have taken up this refrain. A youth congress, held in Bandung, endorsed Nasution's proposals to bring "security" to the entire national territory of Indonesia, including West New Guinea, and declared that it accepted "all consequences" of this line of action. Especially in the Indonesian Communist press the more militant line has found favor (in 1959 the Communist press had berated the Indonesian government for not pressing its claim on West New Guinea in the United Nations again that year). The struggle for West Irian, stated the Djakarta Communist daily *Harian Rakjat* editorial on February 12, 1960, has a "first priority" over all other "internal questions," and he who does not give precedence to the fight against "Dutch imperialism" is "a traitor." In reaction, in some of the Dutch press the fear that 1960 will indeed see an Indonesian military venture has been considerably augmented.[5]

II

Given these mounting tensions, it is perhaps useful to consider some of the achievements and problems in West New Guinea's development. Dutch interest in the territory came late. Not until 1895 was the eastern boundary clearly established and the first administrative post dates from 1898. In the first decades of the present century exploration revealed new stretches of the sparsely populated and wild and inaccessible interior; but as late as the outbreak of the Second World War, Western New Guinea was, in the words of a former Dutch resident commissioner, "forgotten earth."[6] The Indonesian Revolution (1945–1949) caused the Dutch to take the development of the region more actively in hand. Yet even today parts of the territory

[5] *Ibid.*, February 4, 23, 1960, and *Antara Daily News Bulletin* (New York), August 4, 19, 1960, October 5, 1959 and March 2, 1960.

[6] Jan van Eechoud, *Vergeten Aarde. Nieuw Guinea* (2nd ed., Amsterdam, 1952).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are unexplored and there is no accurate figure for the population (now estimated at about 700,000). Only a little over half, or about 424,000 of the population, is located in directly administered territory; the rest live, only lightly touched by Western influence, in the more remote "patrol areas." In addition there are about 17,000 persons classified as "Europeans" (mostly Dutch or Eurasians from colonial Indonesia) and some 18,000 "Asians" (primarily Chinese and Indonesians; the former are principally retailers, while many of the latter are in lower government services). With its bureaucratic atmosphere (most of the Dutch are civil servants), its tropical agricultural economy and its mixed population—a small European élite, a Chinese middle group and an indigenous majority at the base—West New Guinea resembles the old colonial society and economy of Indonesia.[7]

The Dutch have been sensitive to the charge that the structure and atmosphere of colonialism remain in West New Guinea and point to the development statistics of the region in reply. Schools increased from 1,181 to 1,203 in the period 1957–1958 alone, with a corresponding growth in the number of teachers from 1,851 to 1,940, and of students from 51,198 to 53,002. In 1958, twenty Papuans studied in the Netherlands and the first Papuan entered the University of Leyden. Between 1953 and 1958 expenditures for health and medical services rose from 3.2 million guilders to 7 million (1 guilder equals about U. S. $0.26). The number of regular Papuan officials in government services more than doubled between 1953 and 1958 (from 746 to 1,568), the number of Papuan government teachers alone increasing from 255 to 521. Of the 66 administrative subdistricts in West New Guinea, 28 were headed by Papuans in 1958. Especially significant has been the growth of agricultural extension services and peasant coöperatives, while the territorial budgets, as approved by the Dutch government, have grown impressively from 36.2 million guilders in 1950 to 133 million in 1958. Since West New Guinea lacks the means to pay for its own development the Dutch government has regularly met

[7] West New Guinea statistical data in this and the following paragraphs are taken, unless otherwise indicated, from the 1958 annual report on West New Guinea made by the Dutch government to the United Nations: Ministerie van Zaken Overzee and Ministerie van Buitenlandse Zaken, *Rapport Inzake Nederlands-Nieuw-Guinea Over Het Jaar 1958 Uitgebracht aan de Vereenigde Naties Ingevolge Artikel 73E van het Handvest* (Staatsdrukkerij, s.l., 1959).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the area's budgetary deficits. These supplementary contributions have grown from 15.5 million guilders in 1950 to 65.9 million in 1958. Taking the last figure as a measure, it may be asked if Indonesia, given its present difficulties, would be able to contribute 700 million *Rupiah* (about 66 million guilders) a year for the benefit of West New Guinea's development.

These modest stimuli have already had considerable effect on the social and economic life of West New Guinea, but they may well be inadequate to meet the need. The region's balance of trade is deteriorating.[8] Exports, including petroleum, dropped from 509,805 tons with a value of over 31 million guilders in 1954 to about 261,000 tons with a value of 23.7 million guilders in 1959. Imports originally climbed (from 75,716 tons with a value of 75.8 million guilders in 1954 to 119,297 tons and more than 114 million guilders in 1957), but have dropped by an average of 25 per cent since 1957. This import drop has also meant curtailment of capital goods needed for development. Especially alarming has been the decline in petroleum production, carried out by the NNGPM (*Nederlandse Nieuw Guinea Petroleum Maatschappij*—Netherlands New Guinea Petroleum Company) whose principal owners are Royal Dutch Shell and Stanvac. From a peak of 550,000 tons in 1954 production has fallen to about 245,000 tons in 1959. Available deposits are near exhaustion and few others seem in sight. Although United States Steel and three Dutch corporations recently won concessions to explore and develop the nickel and cobalt resources of West New Guinea it will be some time before this will have its desired effect. Thanks to long range agricultural programs, production and export of nutmeg, cacao, copra, resins, and other wood products is increasing, but there is little diversification in the developing economy and the agricultural products mentioned are particularly liable to sharp fluctuations in demand abroad.

As the detribalization of the Papuan proceeds, and as he is drawn increasingly into a money economy, the narrow base of the territorial economy presents growing problems. Notwithstanding efforts at community development there is already emerging a sizable Papuan proletariat, cut off from its traditional social environment and flocking to the few coastal cities for intermittent employment. In cities like Hollandia shanty towns,

[8] *Ibid.*, and *Nieuw Guinea Koerier* (Hollandia), February 16, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with attendant problems of social unrest and criminality, have begun to emerge; their inhabitants are "usually young bachelors who wish to become acquainted with modern life in a place such as Hollandia and above all with the material welfare prevailing there, the fame of which has penetrated far into the interior."[9] The lack of industrial employment aggravates the *anomie* of such folk. In Sorong the fall in petroleum production has affected at least 600 Papuan laborers (out of an original force of 3,000) and at least that many more dismissals are expected. The fear of unemployment explains the storm of protest that arose recently in West New Guinea when it was proposed to permit the settlement in that area of a number of East Indonesians who had fled from the unitary Indonesian Republic. The Protestant trade union in Hollandia, with both Dutch and Papuan members, warned that already 10 per cent of the labor force was unemployed in some West New Guinea cities, and that nearly 20 per cent of the working population in Hollandia was out of work. Lack of sustained economic development has also produced problems in Papuan societies in the interior, where a rapid acculturation has followed missionary activity but where rising expectations are not met. Thus the bloody outbursts in the Mappi area in the Southeastern part of the territory in October, 1959, have been attributed to the Papuan's disappointment over the lack of worthwhile economic opportunities in his life. It is hardly reassuring that the total earnings of Papuan wage earners in the years 1957, 1958, and 1959 have shown no change, continuing to fluctuate between 19 and 20 million guilders.[10]

The development of West New Guinea is hampered also by the fact that the atmosphere is unfavorable for private enterprise. Strict government controls impede freedom of investment and the migration of entrepreneurs from Holland; and there is nearly universal complaint that the government by its own extensive enterprises further limits the opportunities for private capital. Dutch and Eurasian colonists, after years of trying to develop agricultural or commercial enterprises, have

[9] "Trek naar de Stad," *Nederlands Nieuw Guinea* (The Hague), vol. 7 (November, 1959), no. 6, p. 29.

[10] *Nieuw Guinea Koerier,* February 18, 1960 and Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea,* October 28 and December 24, 1959.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

been leaving the region, tired, as one of them recently said, "of waging a little war against small bore officials who with their lack of cooperation can ruin me."[11] Employment statistics show that the Papuan wage earner is for the greater part employed in government installations: in 1959, for example, more than 9,500 of the total number of 16,746 Papuans registered as wage earners were in government service, and emigration figures reveal the accelerating exodus of non-government persons. The tax structure, moreover, militates against private capital and enterprise. In Australian East New Guinea, where the population under direct government control is five times larger than in West New Guinea, the per capita tax burden is only one eighth of that prevailing in West New Guinea. Lower taxes, more plentiful basic facilities, and government coöperation with private enterprise have brought striking results in Australian New Guinea compared with those in the Dutch-held portion of the island. The value of exports from East New Guinea, for example, just about equals the government budget for the area, whereas the value of exports from the Dutch-held region is less than 20 per cent of the budget.[12]

The slowness of private development has already produced protests from the more successful and more energetic of the Papuans. An example is Nicolas Jouwé, a prominent Papuan leader, who recently formed his own wood export company for which, incidentally, both capital and marketing outlets were provided by five Japanese concerns. During a journey to the Netherlands not long ago he was outspoken in his criticism of the slowness with which the Dutch were developing West New Guinea and the resultant lack of employment opportunities for the rapidly increasing number of educated and emancipated Papuans.[13] There is little doubt that the situation to which he referred is filled with danger. More than two thousand Papuans graduate from primary and secondary schools each year. Their education, often remarkably "Dutchified" and academic, unsuits them for lives as simple farmers or manual laborers in their

[11] *Nieuw Guinea Koerier*, January 15, 1960.

[12] *Ibid.*, December 1, 3, 1959; January 12, February 18, 1960; and by C. A. Cannegieter, *De Economische Teokomstmogelijkheden van Nederlands Nieuw-Guinea* (Leyden, 1959), pp. 114–115 and "De Economische Betekenis van het Nederlandse en het Australische Gedeelte van Nieuw Guinea," *Nederlands-Nieuw-Guinea*, vol. 7 (July, 1959), no. 4, pp. 6–9.

[13] *De Telegraaf* (Amsterdam), January 8, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tribal communities. Instead they flock to the cities, looking for work and, not finding it, they easily become frustrated and politically unsettled.

III

It is at this point that constitutional and administrative questions become important. Constitutionally part of the Netherlands Kingdom, West New Guinea is governed under the supervision of the Dutch Ministry of Internal Affairs. It is administered by a governor who is appointed by the Crown and by a civil service of about 4,000 persons. Of these, approximately 3,500 are Papuans who hold positions that range from day laborer to the rank of administrative assistant in a sub-district. The Dutch believe in moving towards autonomy from the ground up.

There is no representative body for the territory as a whole although one is about to be elected. There is, however, an advisory Council of Popular Development which is headed by the Chief of the Internal Affairs Section of the civil service and composed of members appointed to represent the Papuans, the missions, the officials and so on. Real progress, too, has been made in the formation of local and regional councils. Of these there are now seven and others are being planned. They are usually located in areas of population concentration and economic importance. The powers of these councils are only advisory. In its 1958 report to the United Nations the Dutch government describes them as a "preparation and training school for the establishment of autonomous communities with their own financial resources." Membership is by appointment by the Governor. But there are indications that the government is prepared to broaden the powers of the councils and to provide a more democratic procedure in selecting members. In August and September, 1959, by a two-stage process, ten persons were elected to the new Regional Council (*Streekraad*) for the Biak-Numfor region in the northern part of the territory, the first modern democratic election for a government council in West New Guinea's history. The whole *Streekraad* consists of thirteen people (three are appointed by the Governor). In the first stage the population chose 385 electors, who thereupon chose ten members of the council. A similar *Streekraad* is planned for the island of Japèn, also located in the Geelvink Bay, during 1960.

The origin of the ten elected Biak-Numfor *Streekraad* mem-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bers may indicate the nature of the future Papuan élite.[14] In age they range from twenty-five to forty-five, but are mostly thirty or younger. All have had a public elementary education, three have had additional training in normal school or elsewhere. Their occupations vary greatly—pastor of a Pentecostal Church, warden of a jail, farmer, clerical assistant, teacher in a village school and so on—but all of them belong clearly to the emancipated, detribalized Papuan minority. Most have had some experience in the lower ranks of the civil service in West New Guinea at some time during their lives, but only one, a village head, can be said to have a position of some authority in government matters at the present time. Only two appear ever to have left the territory, one who went to work for a time in oil installations in the former Netherlands East Indies and another (the only business man in the group) who has been both to the United States and Japan for a number of years. The three appointed members were a Chinese businessman, a retailer, and a representative from the missions and the schools. None of the *Streekraad* members can be said to entertain definite convictions on political matters, but the ideological tendency of the members is well to the right.

Neither the Biak-Numfor Council, nor the other councils should be regarded as more than the first step toward local and regional autonomy. Further decentralization is, moreover, planned. Thus the Biak-Numfor Regional Council had as its first task the creation of village councils within the region, and these councils, interacting with the regional council, are to provide a model for eventual representative government in the rest of the territory. This pattern resembles the colonial administrative structure in Indonesia and, as the Indonesian experience shows, it is unlikely to satisfy the demands of the nationalistic, emancipated indigenous element for more centripetal institutions of government. The atmosphere in the councils is frequently described as too "colonially oppressive" to be conducive to a healthy democratic development. As in colonial Indonesia, so in West New Guinea, the demand for more genuine autonomy has arisen, not only among the emancipated Papuans, but also in the Dutch community of professional and business men. "What Indonesia wants is to be able to go more its own way,"

[14] W. W. Kasiepo, "Leden Streekraad Biak-Noemfoor Gekozen," *Gouvernement van Nederlands-Nieuw-Guinea, Bureau Voorlichting ter Gouvernementssecretarie, Mededelingen voor de Pers* (Hollandia), no. 66, October 24, 1959.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

declared a conservative, high ranking Dutch civil servant in 1939 in a critique of the colonial administration.[15] "If they (the government) wish to impose a boarding school régime on the Council then we are on the wrong road," stated one of the more prominent representatives of the Dutch community in the local council in Hollandia in January, 1960.[16] The heavy concentration of rank-conscious civil servants and the bureaucratic atmosphere of West New Guinea have also been seen by the new Papuan leadership as impediments to political development. Nicholas Jouwé has pointed out that many members of Dutch administrative corps in West New Guinea had had previous experience in colonial Indonesia. They maintain with the Papuans the "friendly Santa Claus attitude" of an earlier day, until, as in Indonesia, they are confronted by what Jouwé calls "strange surprises." Even the Dutch newspapers comment on Dutch inability "to avoid [giving] the impression of a colonial mentality" in West New Guinea.[17]

These comments may sound extreme, but it is certain that the "go slow" conservatism of Dutch administrative policy does not satisfy the rising aspirations of the emancipated Papuans, especially since for the moment at least these aspirations are supported by Europeans who are living in the region. With due regard to government promises of greater autonomy in the future, it must be said that the present powers and deliberations of bodies such as the Biak-Numfor *Streekraad* and the Hollandia advisory council are only trivial. Press and public opinion are subjected to close government supervision. The true importance of labor organization may be judged from a recent incident. A group of Papuans and Dutch who belonged to the influential Protestant trade union engaged in a public demonstration on the occasion of a visit by the Dutch Secretary of State for West New Guinea Affairs. It was simply ignored by the visitor. Exchange of information and opinion between the government and the rest of society is made difficult by the hierarchal structure of the community. As the present governor, D. J. Platteel,

[15] J. W. Meyer Ranneft in W. H. van Helsdingen, ed., *De Plaats van Nederlands-Indië in het Koninkrijk. Stemmen van Overzee* (Leyden, 1946), p. 70.

[16] *Nieuw Guinea Koerier,* January 29, 1960.

[17] *Ibid.,* January 25, 1960 and Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea,* January 14, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

remarked recently, West New Guinea is "a land of rumors."[18] Equally shocking to public opinion in the colony and at home was the recent revelation that private correspondence was being subjected to extensive and unlawful censorship by territorial police and judicial officers. The report of the special commission set up to investigate the practice showed that the former governor, J. van Baal, a noted anthropologist, was implicated.[19] The whole incident showed that the "colonial mentality," especially its bureaucratic secrecies, is still present. Other defects of the present administrative system that have been revealed include inadequate supervision of the financing of the central supply services and weaknesses in the functioning of the land registration office. It is especially serious that these inadequacies should be brought to light just when a new spirit of restlessness is stirring among the detribalized Papuans, among the workers in the shanty towns no less than in the offices of the few Papuan leaders. "If the government, and especially Governor Platteel, do not succeed in winning or regaining confidence," a West New Guinea weekly declared in its review of 1959, "the new year presents a somber prospect."[20]

Almost certainly, the prospect will not become brighter until more Papuans are included in the territorial civil service. At present, the Papuans are most numerous, first, among lowest ranking policemen and, secondly, among lowest ranking village school teachers. Theoretically, no position is closed to qualified Papuans, but as late as 1958 it was striking how very few of them were deemed to be qualified to hold positions of some executive responsibility. For example, only one Papuan was a supervisor in the government's technical services, two were heads of important police stations, two were top grade "government assistants" and only one was a top ranking forest service official.[21] In practice, the Dutch occupy nearly all the higher posts just as Dutch children have easier access to good schools than do Papuan children.

Of course, this situation is not to be condemned unreservedly.

[18] *Nieuw Guinea Koerier,* December 16, 1959.

[19] *Gouvernement van Nederlands-Nieuw-Guinea, Bureau Voorlichting ter Gouvernementssecretarie, Mededelingen voor de Pers,* no. 97, December 24, 1959.

[20] *De Tifa* (Hollandia), January 2, 1960.

[21] *Rapport Inzake Nederlands-Nieuw-Guinea Over Het Jaar 1958, op. cit.,* table VII.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Much of West New Guinea still remains in the Stone Age. Some of it has reached a high stage of social evolution. The wide differences among the different Papuan cultures make it impossible to follow a program of uniform development. In some groups, there is readiness to make innovation and to follow modern ways in production, education and hygiene. Other groups are threatened with extinction because of their fanatic resistance to all change. Some Papuans have indigenous acquisitive customs that make it easy for them to understand western concepts of economic growth. But others concentrate all their energies on the frantic accumulation of objects which have only a traditional value. In some places social organization is sufficiently flexible so that there can be experiments in developing modern types of community; elsewhere the tribal structure is so rigid and complex that even minor change produces a social snarl. There may be political motivations in Dutch slowness to develop West New Guinea, but it must also be recognized that the Dutch respect the worth of Papuan culture and wish to preserve the social fabric as much as is possible in the present whirlwind of change. The real question is not whether Dutch conservatism has a rational basis, but whether it will be acceptable to the growing number of emancipated Papuans.[22]

It is almost impossible to determine—not least because of the strictness of government controls over public opinion—the strength of the political currents now moving the Papuan community. It seems, however, that ultranationalistic and avowedly anti-Dutch sentiments are still few and that the dominant attitude of the present Papuan leadership is loyalty toward the Dutch Crown tempered by criticism varying in degree of vehemence of government policies. The Papuans are essentially coöperative; only occasionally does one read of an arrest for political subversion. Notwithstanding the fact that the national Indonesian radio, with its inflammatory propaganda, is easily heard and despite periodic infiltration of Indonesians into the area, it does not appear that indigenous desire for union with

[22] The problems arising from cultural contact in West New Guinea are many and vexing. Various aspects are dealt with in H. G. Barnett, "Peace and Progress in New Guinea," *American Anthropologist*, vol. 61 (1959), pp. 1013–1019; J. van Baal, "Erring Acculturation," *American Anthropologist*, vol. 62 (1960), pp. 108–121 and Justus M. van der Kroef, "Culture Contact and Culture Conflict in Western New Guinea," *Anthropological Quarterly*, vol. 32 (1959), pp. 134–160.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Indonesia is very great. First, there has long been an ethnic enmity between Papuans and Indonesians. This comes partly from ancient days when East Indonesians claimed suzerainty over and exacted tribute from the territory, and partly from the colonial period, when Indonesians served as civil servants in the region and sometimes had a tendency to lord it over their indigenous charges.[23] Secondly, the more informed and articulate Papuan leaders understand something of the undeveloped state of their country and realize that Indonesia, in its present political and economic predicament, could not be expected to match in monetary outlay the current Dutch effort. Thirdly, there is unmistakable evidence of what can be called a regional "Papuan nationalism." Whether this nationalistic sentiment will crystallize into a demand for independence or whether it will take the form of support for a federal union of East and West New Guinea or even for a "Melanesian Union" cannot be foretold. But the official policy of the Dutch government—"that the population of this territory is assured of the possibility to determine its own future political status by applying the principle of self-determination"[24]—has not yet found any strong opponents in the Papuan community.

IV

This is the more remarkable since informed Papuans are well aware of the international aspects of the problem of their territory's future. The Australian attitude is a matter of special concern to them. During 1959, Prime Minister Menzies of Australia visited both the Netherlands and Indonesia. In the Netherlands, he gave assurance of continued Australian support in the maintenance of Dutch sovereignty over West New Guinea. He reasserted this stand in Indonesia, but added an expression of hope that Indonesia and the Netherlands would reach an agreement over the future of the disputed territory. It is clear that the Menzies government is far from easy about its West New Guinea policy. In the face of vociferous opposition from the left wing of the Australian Labor Party, it has been hesitant to embark on full coöperation with the Dutch in the economic

[23] J. van Baal, *Het Nieuw Guinea Vraagstuk. Een Opgave voor de Natie* (Kampen, 1959), p. 10.

[24] Policy statement of Dutch premier J. E. de Quay, May 26, 1959 before the lower house of the Dutch parliament, cited in *Nieuw Guinea Studien* (The Hague), vol. 3 (1959), p. 302.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

development of New Guinea for which the way was cleared by conferences between Australian and Dutch officials in October, 1959 and March, 1960. It is still uncertain how much will be done. As one informed Australian put it, the two countries "are getting nowhere together, because Australia remains anxiously sitting on the fence . . . [and] limits itself to an exchange of information and personnel with the Dutch in New Guinea. The country talks vaguely about 'coöperation,' 'mutual understanding,' and 'good will,' but that is all."[25] It should be remembered that Australia was Indonesia's greatest friend in the latter's fight against the Dutch after World War II. On the New Guinea issue at the present time she is willing to support the Dutch position, but not in a manner so unequivocal as to cause an irreparable breach with her Indonesian neighbor. Despite Dutch pressure, a military pact with Australia does not seem likely at this time.

Dutch anxiety for closer coöperation with Australia is based largely on military considerations. During the past three years Indonesia has been steadily acquiring new equipment. After many years of fighting insurgents, her regular army is becoming a battle-hardened force. Until recently, so far as is known, the defenses of West New Guinea consisted chiefly of a few battalions of marines and some small naval units. There is virtually no air force. It seems that this would be totally inadequate to repulse a well mounted attack. Obviously the Dutch are relying on the United Nations and the force of world opinion to counter possible Indonesian aggression. They think they have grounds for fearing that this aggression might occur. On at least four occasions in the past three years, groups of Indonesians infil-

[25] Stuart Inder in *The New World,* December, 1959, cited by *Nieuw Guinea Koerier,* February 26, 1960. J. A. van Beuge, Deputy Chief of the New Guinea Bureau of the Dutch Ministry of Internal Affairs, commenting on the Australian-Dutch conference of March, 1960, declared (*Nieuw Guinea Koerier,* February 29, 1960) that "not too high" expectations should be entertained with regard to the conference. Australia, he continued, is desirous of keeping good relations with other countries, and is inclined to keep her cooperation with the Netherlands outside the area of general publicity. According to a report in *Pacific Islands Monthly,* January 1960, pp. 23 and 142, the Dutch are pressing much harder than the Australians for coördination in the administration of New Guinea. "At the October conference the Dutch pressed for a consultative union, pointing out that independence in the two territories could come a lot more quickly than Australia seemed to think. Australia rejected the scheme as being premature."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

trated into West New Guinea, were rounded up and sent back home. It is the fear of some Dutch opinion that these infiltrations might become more frequent and give Indonesia a pretext for coming to the aid of its nationals.[26] This would be especially true if the infiltrators escaped the notice of the New Guinea authorities and managed to live for some time in some inaccessible part of the territory. During the Menzies visit to Indonesia, Sukarno was reported to have said that his country would not use violence in the "liberation of West New Guinea."[27] This statement was deplored in some Indonesian journals. In addition, the more militant tone now being adopted by Army Chief of Staff Nasution and by veterans and youth groups indicates that the path of nonviolence may be abandoned in the future. Time may force Indonesia's hand. The West New Guinea question has been constantly magnified by government spokesmen. Each month and year that passes without a solution intensifies the alleged slur on the national honor and may strengthen the feeling of national frustration to the point of precipitate action.

The United States position resembles that of Australia. The United States has made it plain that she opposes any armed intervention by Indonesia, but otherwise has attempted to maintain a position of neutrality and a minimum of public involvement. America's sensitive relations with the Afro-Asian world, most of whose members support Indonesia's claim, undoubtedly explain this approach. Indicative of the United States attitude was the confusion surrounding the conversation during February, 1960, between Dutch State Secretary T. H. Bot, and United States Deputy Undersecretary of State Raymond Hare. Having been recently appointed to his post, Bot came to Washington as part of a general "orientation" tour. After his conversation with Hare, Bot declared that the Dutch program of progressive transfer of authority to the Papuans had been "especially favorably and positively" received. This remark produced an expression of "anxiety" from the Indonesian embassy and an official State Department explanation that "no change has come in the American policy of strict neutrality towards West New Guinea."[28] In Indonesia, however, American

[26] *De Telegraaf*, March 5, 1960, and Ministerie van Binnenlandse Zaken, *Persdocumentatie betreffende Nederlande Nieuw Guinea*, March 5, 1960.

[27] *Pedoman* (Djakarta), December 9, 1959.

[28] Ministerie van Binnenlandse Zaken, *Persdocumentatie betreffende Nederlands-Nieuw Guinea*, February 22, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

protestations of neutrality have come to be taken with a grain of salt. For on three occasions (in 1954, 1956 and 1957) when the United Nations General Assembly voted on an Indonesian resolution regarding West New Guinea, the United States abstained. In effect, she voted with the Dutch since a two-thirds majority is required to pass a resolution of this type. The United States failure to support the resolution is interpreted by Indonesians as influencing certain pivotal Latin American states, which have also opposed the Indonesian resolutions in the United Nations or abstained from voting. The sensitivity of Indonesian opinion on the issue frequently troubles American-Indonesian relations. A recent example occurred when an American oil company official in South Sumatra was alleged to have ordered the removal or alteration of a map in the company office showing West New Guinea as a part of Indonesian territory. The Indonesian oil workers' union called this act an insult to Indonesia's sovereignty.[29] The American denied the charge made against him, but soon left the area. On Indonesian maps, at least, West New Guinea is still a part of the national soil.

What the Dutch would welcome most would be military protection of West New Guinea by international agreement, but this seems unlikely. Despite its wishes, the Netherlands was not admitted to SEATO. As a result, complained the Dutch State Secretary for West New Guinea, the part of New Guinea controlled by Australia falls under SEATO protection, but the part administered by the Netherlands "is exposed to every adventure from any side whatever."[30]

There is a growing belief in Indonesia that the West New Guinea dispute has reached a point at which any course of action, even aggression, might have the merit of realigning the forces involved and possibly of improving the chances of an outcome favorable to Indonesia. The Communist bloc and the Afro-Asian nations in the United Nations are still too few to provide the two-thirds majority necessary to support Indonesia's claim to West New Guinea. But they are numerous enough to be able to soften any censure Indonesia might incur as a result of a military venture. The chances of a legal settlement seem dim—Indonesia has in fact rejected submission to the World

[29] *Persdocumentatie betreffende Nederlands-Nieuw Guinea,* January 25, 1960.

[30] *Nieuw Guinea Koerier,* February 25, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Court of the legal points involved.[31] Add to all this, the rising domestic temper of Indonesia, and it becomes apparent that the appeal of a resort to force has considerably increased. The prospect of peace in West New Guinea has become considerably bleaker. In turn, the uncertainty of its international position cannot fail to increase the difficulties faced by the territory in its internal development.

V

Throughout 1960 the seriousness of the West New Guinea problem has increased. This has been due not only to continued pressure by Indonesia, but also to the first expressions of a real Papuan nationalism.

In April, 1960, the Dutch government announced its plan to speed up the development of West New Guinea. The statement comprised four main points:

(1) The formation "within a few months" of a central representative body, the New Guinea Council, with a majority of Papuan members but with only advisory powers in the beginning;
(2) The recruitment within a year of a voluntary Papuan military corps, to assist police "in the defense of the soil";
(3) The steady implementation of a vast ten-year plan for the political, economic and cultural development of West New Guinea;
(4) The creation of a special school to train Papuans for service in representative and administrative bodies.[32]

[31] On the legal complexities of the Indonesian claim on West New Guinea see van der Kroef *The West New Guinea Dispute*, pp. 1–8. A sharply anti-Dutch treatment is Robert C. Bone, *The Dynamics of the Western New Guinea (Irian Barat) Problem* (Ithaca, New York, 1958) and Dutch analyses favoring the Indonesian side are B. V. Röling, *Nieuw Guinea Wereldprobleem* (Assen, 1958) and A. Teeuw and W. Fijn van Draat, eds., *Terdege Ter Discussie. Vraagstukken Betreffende de Verhouding Nederland-Indonesië-Nieuw Guinea* (The Hague, 1958). The Indonesian government's legal position has been laid down in a number of publications, the most succinct of which is perhaps *The Case of West Irian* (Permanent Mission of the Republic of Indonesia to the United Nations, New York, 1957). Arguing in favor of Dutch retention of the territory is Bernard Verhoeven, *Nieuw Guinea. Vraagstuk van Verantwoordelijkheid* (Amsterdam, 1959).

[32] Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Neder-*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This declaration soon had wide repercussions. By August, 1960, according to the director of West New Guinea's department of internal affairs, 28 administrative districts were wholly staffed by Papuans.[33] For Dutch residents in the territory these developments and the new policy declaration were handwriting on the wall. Some of those who looked upon New Guinea as their permanent home, protested that they were scarcely consulted on the projected New Guinea Council. Others thought they saw only too well what the future held in store and applied for passage home.

Papuan political life, on the other hand, noticeably quickened. On August 10, 1960, there was formed in Hollandia the *Partei Nationaal* (Parna), and shortly thereafter the *Democratische Volkspartij* (Democratic People's Party-DVP) was revived (it had originally been formed in 1957). Though political parties had existed before in West New Guinea,[34] Parna and DVP were the first to express the increased thrust toward emancipation and political consciousness stimulated by the government's April declaration. DVP includes in its membership some Dutch, Eurasians and Chinese, but Parna is more purely Papuan. It is nationalist, seeking the unity of all inhabitants of the area and the speeding up of education so as to develop a native élite. But it is also loyal to the Dutch crown and professes to be "grateful" for what the Dutch government has done to prepare the region for democracy. Its leader is the twenty-six year old Frits M. Kirihio who recently came home from Holland where he had graduated from secondary school and begun the study of sociology in Leyden. He is the first Papuan to follow a university course. At the moment, DVP appears to be the more conservative of the two parties. It is content to retain Dutch administration for the time being while favoring the ultimate establishment of a "sovereign and prosperous Melanesian fed-

lands-Nieuw-Guinea, April 6, 1960, and *Handelingen Tweede Kamer,* vol. II, Zitting 1959–1960, April 5, 1960, p. 2460.

[33] Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea,* August 17, 1960.

[34] In 1949 the so-called Isan (*Ikatan Sosial Anak Negeri*—"Social Organization of Children of the Country") had been founded by Nicolas Jouwé. It was primarily intended as a self-help organization and had quickly foundered. In 1950 a more overtly political *Gerakan Persuatan N.G.* ("Unity movement of New Guinea") had come into being but had lost all reason for existence a few years later, largely because of lack of interest.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

eration." Thus the party tends to seek a counterbalance for a narrow Papuan nationalism.[35]

The new Dutch policy also heightened international tensions. In Australia, it aroused fear lest East New Guinea was falling behind its western neighbor as was asserted by the Australian Labor Party. In addition, it added new strains to Dutch-Indonesian relations. On April 13, the Jakarta Government announced that all Dutch ships would be banned from Indonesian waters until a satisfactory solution was found for the New Guinea issue. Earlier than this, in March, the Dutch government has decided to send the aircraft carrier *Karel Doorman,* along with some smaller vessels, to West New Guinea. The arrival of these ships gave unmistakable notice that the Dutch intended to defend the territory. This angered the Indonesians so much that they formally broke off diplomatic relations with the Netherlands on August 17th. They also induced Tokyo to withdraw its approval of a proposed visit of the *Doorman* to Japan, thereby adding strain to Dutch-Japanese relations. The Indonesians also concentrated military forces in their eastern areas. All these happenings were accompanied by incessant and heated Indonesian charges that the *Doorman's* presence was an act of provocation. In spite of Foreign Minister Subandrio's assurance in March, 1960, that Indonesia would not use force against West New Guinea, the possibility of armed conflict was evident.

The degree of tension produced by the West New Guinea issue can best be seen by the frightening repercussions of almost every utterance on the subject. In May, for example, Dutch Defense Minister Visser stated that his government "could count" and did count on foreign help if West New Guinea was attacked. There followed wide speculation on the possibility that the United States or Australia had guaranteed aid to the Netherlands. Searching Indonesian queries were addressed to the State Department. In the end, Mr. Visser more or less closed the matter by having the words "could count" deleted from the parliamentary record.[36]

Shortly thereafter, to give another example, there was more excitement when Admiral Arleigh Burke, the United States

[35] On Parna's program see Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea,* August 8, 11, and 19, 1960. On the DVP see *Nieuw Guinea Koerier,* August 29, 1960.

[36] *Haagsch Dagblad* (The Hague), May 14, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Chief of Naval Operations, was reported to have said, during a visit to The Hague, that the United States was seeking a naval base in West New Guinea. In response to a heated Indonesian demand for clarification, the State Department denied the report.

The most spectacular slip of the tongue has been the alleged statement by Prime Minister De Quay, in September, that the Netherlands at the next meeting of the United Nations Assembly, would propose the "internationalization" of West New Guinea under the Netherlands, the United States, India and Australia. This report caused a furor, especially among Dutch conservatives. The prestige of the De Quay cabinet was seriously damaged in spite of a swift official denial that the government had changed its policy. The Prime Minister's statement was supposed to have been made at a cocktail party and one government spokesman tried to explain it away by suggesting that the distinguished statesman had perhaps been "philosophizing" a bit.

These are minor incidents, but they reveal the hair-trigger tension that the West New Guinea problem continues to produce in several parts of the globe.

JUSTUS M. VAN DER KROEF

UNIVERSITY OF BRIDGEPORT

[37] Ministerie van Binnenlandse Zaken, *Persdocumentatie Betreffende Nederlands-Nieuw-Guinea*, September 6, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE *SHORT COURSE* AND SOVIET HISTORIOGRAPHY*

WHEN, on February 25, 1956, Nikita Khrushchev denounced Joseph Stalin to a closed session of the Twentieth Party Congress, the new Soviet leader had words of scorn not only for the man who had terrorized Russia for a quarter of a century, but also for the book that had served as the bible of the Stalinist cult. "This book," Khrushchev told the Congress, "speaks mainly about Stalin—about his speeches and his reports. Everything, without the tiniest exception, is linked to his name."[1] The book to which Khrushchev referred was the *Istoriia Vsesoiuznoi Kommunisticheskoi partii (bol'shevikov); kratkii kurs* (*History of the All-Union Communist Party (Bolsheviks); Short Course*), known simply as the *Short Course*, and the vehemence with which Khrushchev attacked it was a measure of the importance of the work in Soviet society and historiography.

Soon after the Twentieth Party Congress, Khrushchev commissioned a group of historians to write a new history of the Communist Party, and the *Short Course* was withdrawn from most Soviet institutions of higher education. The ideological reign of the *Short Course* had come to an end three years after the death of Stalin, the man who had inspired its creation.

I

In 1931, twenty-five years before the Twentieth Party Congress, Stalin addressed a letter to the editors of *Proletarskaia Revoliutsiia* (*Proletarian Revolution*),[2] in which he criticized two historians, Slutskii and Volosevich, for belittling the rôle of Lenin and of the Communist Party in history. Stalin reprimanded the editors of *Proletarskaia Revoliutsiia* for giving space

* The writing of this article was assisted by a Ford Foundation grant for 1958–1959. However, the conclusions, opinions, and other statements herein are those of the author and not necessarily those of the Ford Foundation.

[1] N. Khrushchev, *Rech' na zakrytom zasedanii XX s"ezda KPSS, 24–25 fevralia 1956 g.* (*Speech at the Closed Session of the CPSU, February 24–25, 1956*) (Munich, 1956), pp. 46–47.

[2] I. V. Stalin, "O nekotorykh voprosakh istorii bol'shevizma" ("Some Problems Concerning the History of Bolshevism"), *Sochineniia* (*Works*) (Moscow, 1946–1951), XIII, 84–102.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to such "falsifiers of history," and enjoined them "to place the study of the history of our Party on scientific, Bolshevik rails, and to concentrate attention on Trotskyist and all other falsifiers of the history of our Party, systematically tearing off their masks."[3]

In his letter, Stalin named Emel'ian Iaroslavskii as yet another historian whose work contained serious distortions and errors of fact. Iaroslavskii's history of the Communist Party[4] was at that time widely read in the Soviet Union, and Stalin's animadversions evidently reflected his dissatisfaction with the treatment of Party history. Iaroslavskii produced a revised history two years later (in 1933), "carefully rewritten on the basis of the instructions in Comrade Stalin's letter."[5] But Stalin apparently was still not satisfied, for an entirely new history of the Party, the *Short Course,* was to supersede Iaroslavskii's book in 1938. If the Party itself was intended to represent to Soviet society the revolutionary vanguard of the laboring masses, the new history of the Party was intended to represent the ultimate textbook of Marxism-Leninism-Stalinism. It was to be the gospel of Soviet revolutionary ideology, the essence of Stalin's conception of history.

II

A year before the *Short Course* first appeared, Stalin had written a letter[6] to a group of historians who were preparing the book. The letter found fault with earlier histories for lacking a proper chronological framework, and, to remedy this deficiency, Stalin himself suggested such a framework for the new book. On twelve consecutive days in September, 1938, the *Short Course* appeared in *Pravda,* chapter by chapter, following almost exactly the plan of twelve sections outlined by Stalin in his letter. The same outline was followed in the book, which appeared in October.

Stalin had earlier exhibited personal interest in the writing

[3] *Ibid.,* p. 101.

[4] E. Iaroslavskii, *Istoriia VKP(b)* (*History of the VKP(B)*), 4 Vols. (Moscow, 1926–1929).

[5] *Istoriia VKP(b),* 2 Vols. (Moscow, 1933), I, 2.

[6] I. V. Stalin, "Ob uchebnike istorii VKP(b); pis'mo sostaviteliam uchebnika istorii VKP(b)" ("On the Textbook History of the VKP(B): Letter to the Authors of the Textbook History of the VKP(B)"), *Krasnyi Arkhiv* (*Red Archive*), III (82), 1937, 3–5.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of historical textbooks when, in 1934, he had joined Kirov and Zhdanov in commenting upon plans for textbooks on the history of the USSR and on modern history in general.[7] But even greater was his concern for the history of the Party. Stalin apparently desired a new history that would portray the nation's leader in heroic proportions, thereby correcting the inadequacies of the "Pokrovskii school" of historians. Such mammoth projects as the Five Year Plans in industry and the collectivization of agriculture, as well as a host of lesser achievements, both real and imagined, could be described in glowing terms in the pages of the new history textbook, and could thus be impressed upon the minds of the tens of millions of Russian citizens for whom the *Short Course* was to serve as the basic manual of revolutionary thought and action.

But the book could do more than depict Stalin as a great active force in history. Stalin clearly considered himself also a theorist of major significance. He fancied himself a kind of philosopher-king, who was contributing new substance to the theoretical legacy of his masters, Marx and Lenin. When *Bol'shevik,* the Party's ideological journal, greeted the appearance of the *Short Course,* the editors paid special tribute to the book's theoretical sections, which were ascribed in lofty terms to Stalin:

> Only a man who knows in their entirety the classics of Marxism-Leninism and the dialectical method, who stands at the peak of advanced science, who possesses a deep understanding of all the laws of social development and sees more clearly than anyone else the historical destiny of mankind, could so profoundly and clearly set forth the theoretical foundation of the Marxist-Leninist Party—dialectical and historical materialism.[8]

Apparently Stalin became enamored of his rôle as a writer, as well as a maker, of history, for on January 20, 1946, *Pravda* announced that the *Short Course* would appear as Volume XV of Stalin's *Works.*[9] This later claim to sole authorship seems questionable in view of the fact that in 1938 Stalin was credited with the theoretical sections only, and was praised merely for

[7] *K izucheniiu istorii; sbornik* (*Towards the Study of History: a Collection*) (Moscow, 1937), pp. 22–27.

[8] "Moshchnoe ideinoe oruzhie bol'shevizma" ("A Powerful Ideological Weapon of Bolshevism"), *Bol'shevik,* 1938, No. 17–18, p. 6.

[9] "Ob izdanii Sochinenii I. V. Stalina" ("On the Publication of the *Works* of I. V. Stalin"), *Pravda,* January 20, 1946, p. 2.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

his "active participation" in the work as a whole.[10] Moreover, if Stalin himself had written the book in its entirety, it would be difficult to explain his letter of 1937 to the "authors" of the work, which was then in preparation. Khrushchev, in his "secret speech" to the Twentieth Party Congress made much of this question of authorship: "And when Stalin asserts that he himself wrote the *Short Course,* this at least arouses amazement. Can a Marxist-Leninist write about himself in this way, praising himself to the skies?"[11] This remark, as will presently be seen, gets right to the heart of the matter.

Whether or not Stalin was the sole author of the *Short Course,* the book is a Stalinist production from beginning to end. In its pages, Stalin not only emerges as a great contributor to Marxist theory, but rivals Lenin as a maker of history.

Stalin's rôle as theorist is manifested in the *Short Course* chiefly in his essay on "Dialectical and Historical Materialism," which contains the following Marxist interpretation of history:

> . . . the history of social development is above all the history of the development of the forces of production. . . . Hence, if historical science is to be a real science, it can no longer reduce the history of social development to the actions of kings and generals, to the actions of "conquerors" and "subjugators" of states, but must above all devote itself to the history of the laboring masses, to the history of peoples.[12]

But such an interpretation of history is belied by the heroic portrayal of both Lenin and Stalin in the narrative portions of the *Short Course.* Lenin's stature as the creator of a "new kind of party" appears undiminished, and the deeds attributed to Stalin are of such magnitude as to rival in importance even those of his predecessor.

Stalin is seen in 1912 in his first major rôle—as a vigorous opponent of the "Trotskyist August Bloc," a group of men from various socialist factions who, after their exclusion from the Party at the Prague Congress, were making an attempt at unification. He appears soon afterwards as the formulator of a

[10] See "Moshchnoe ideinoe oruzhie bol'shevizma" ("A Powerful Ideological Weapon of Bolshevism"), *Bol'shevik,* 1938, No. 17–18, p. 1; *cf.* "Programma ideinogo vooruzheniia" ("A Program of Ideological Armament"), *Bol'shevik,* 1938, No. 21–22, p. 17.

[11] Khrushchev, *loc. cit.*

[12] *Istoriia Vsesoiuznoi Kommunisticheskoi partii (bol'shevikov). Kratkii kurs (History of the All-Union Communist Party (Bolsheviks). Short Course)* (Moscow, 1938), p. 116.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

brilliant nationality policy, an achievement that is stressed again and again. And, in the momentous events of 1917, Stalin emerges as a key figure. As Lenin's loyal disciple he implements his leader's directives while Lenin was hiding in Finland after the "July Days." At the Sixth Party Congress in August, it is Stalin who delivers the chief report on the political situation in Russia and advocates the violent overthrow of the Provisional Government. And, on the very eve of the Revolution, Stalin orders the defense of the Bolshevik newspaper *Rabochii Put'* (*Workers' Way*) against Kerenskii's attempts to suppress it.

In later chapters of the *Short Course* Stalin's achievements appear even more formidable. He is seen, for example, as a Civil War hero in the campaign against Denikin's army; as the eradicator of the insidious opposition of the Left and of the Right; as the exterminator of the kulaks and the motive force behind the collectivization of agriculture; as the creator of the Five Year Plans and the chief proponent of rapid industrialization; and, as the drafter of the new constitution of 1936.

As Khrushchev rightly observed, it is impossible to reconcile such an heroic treatment of Stalin's rôle in history with the Marxist philosophy of history that Stalin himself outlines in "Dialectical and Historical Materialism." If the theories preached in that essay had been practiced in the rest of the *Short Course,* the deterministic approach to history would have minimized very greatly both Stalin's rôle and Lenin's. But, instead of destroying the earlier "cult" of Lenin, the *Short Course* only adds a second personality cult—that of Stalin. In the light of this non-Marxist emphasis on individual personalities in history, it seems ironical that the Soviet press should have hailed the *Short Course* as a "scientific," "Marxist" history, correcting the "vulgarizations" of the Pokrovskii school.[13]

III

The *Short Course* was to be the most important textbook in

[13] See "O postanovke partiinogo propagandy v sviazi s vystupkoi 'Kratkogo kursa istorii VKP (b)' (Postanovlenie TsK VKP (b)" ("On the Formulation of Party Propaganda in Connection with the Appearance of the 'Short Course History of the VKP (B)' (Decree of the CC VKP (B))"), *Bol'shevik,* 1938, No. 21–22, p. 3; *cf.* E. Iaroslavskii, "Kratkaia entsiklopediia bol'shevizma" ("A Short Encyclopedia of Bolshevism"), *Istorik-Marksist* (*Historian-Marxist*), 1938, No. 5, p. 7, and the *Bol'shaia Sovetskaia Entsiklopediia* (*Large Soviet Encyclopedia*) (2nd ed., Moscow, 1950–1956), XIX (June 16, 1953), 34.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the educational systems of both the Soviet Government and the Soviet Communist Party. It was to serve as a catechism of revolutionary ideology and as a handbook of revolutionary action. Ideology and action, theory and practice, were always to go hand in hand.

Lenin had often warned against treating Marxist theory as dogma. Now the warning was repeated by Stalin in the *Short Course*. The essay on "Dialectical and Historical Materialism" and the concluding chapter, which summarizes the lessons taught by the history of the Party, both stress that theory is subject to change. Man's political, economic, and social theories are all determined by the "forces of production" and "the relations of the people to production." Since the latter are continually changing, the theories that spring from them must also change. New economic and social conditions require new theoretical propositions, which must be used in solving the practical problems of the revolutionary movement and of life in general.

Although Marxist-Leninist theory was to be regarded "not as dogma but as a guide to action," a guide subject to revision, it could hardly be revised or supplemented except by the leader himself—by a Lenin or a Stalin. For the people, the *Short Course* was intended as a reference book of political thought and action; for the people, the *Short Course,* in reality, *was* dogma, for it set forth the gospel of Stalinism. Thus, *Pravda* demanded that the new textbook be "studied and mastered by every Party *aktivist,* by every Party member, by every Komsomolets";[14] and *Bol'shevik* extended this mandate to include non-Party citizens as well.[15]

Within the Party, the *Short Course* was designed primarily for the young intelligentsia and for the Party cadres, who had been disillusioned by the terrible purges of the 1930's. Having liquidated large numbers of the old cadres, Stalin was confronted with the task of molding the new *apparatchiki* in the proper "spirit," and the *Short Course* would enable Party members to "find the right orientation in any situation."[16] Readers of the *Short Course* were to take particular note of the struggle of

[14] "Gluboko izuchat' istoriiu partii Lenina-Stalina" ("To Study Deeply the History of the Party of Lenin-Stalin"), *Pravda,* September 9, 1938, p. 1.

[15] "Moshchnoe ideinoe oruzhie bol'shevizma" ("A Powerful Ideological Weapon of Bolshevism"), *Bol'shevik,* 1938, No. 17–18, p. 4.

[16] *Short Course,* p. 339.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Bolsheviks against enemies within the Party (Trotskyites, Bukharinites, Zinov'evites, Economists, and National Deviationists), as well as enemies from without (Mensheviks, SR's, Anarchists, landlords, capitalists, kulaks, spies, and all other "hirelings of the capitalist encirclement").[17] This struggle of the Bolsheviks—and especially of their two great leaders—against both internal and external opposition, is perhaps the principal theme of the book, and apparently it was intended to justify Stalin's warfare against his real and imagined enemies, which culminated in the Great Purge. *Pravda* reminded its readers that the dangers of "opportunism" from forces within and without the Party were still quite real. Although socialism had been achieved, the Soviet Union had still to look forward to the "final victory" over the capitalist encirclement and to the transition from socialism to communism, after which the principle "from each according to his ability, to each according to his needs" would be a reality.[18]

For the people of the Soviet Union the *Short Course* was a guide to action in their struggle to eliminate the vestiges of capitalism and to effect the transition from socialism to communism. But the *Short Course* was also intended for citizens of other lands, who had yet to throw off their "capitalist yoke." For Stalin, in his efforts to build a strong Soviet Union, never lost sight of the eventual goal of world revolution. Again and again the *Short Course* invokes Stalin's argument that "capitalist encirclement" makes the spread of socialism to other countries necessary.[19] In the struggle to establish international communism, the *Short Course* was to provide the model of revolution for Communists in Eastern Europe and in Asia, as well as in other parts of the world. Moreover, once revolution was successfully carried out in a given country, the *Short Course* was to be a source of inspiration for the leaders of that country in their efforts to build a socialist society.[20]

[17] E. Iaroslavskii, "Kratkaia entsiklopediia bol'shevizma" ("A Short Encyclopedia of Bolshevism"), *loc. cit.*, p. 7.

[18] "Gluboko izuchat' istoriiu partii Lenina-Stalina" ("To Study Deeply the History of the Party of Lenin-Stalin"), *Pravda*, September 9, 1938, p. 1.

[19] See especially pp. 261–62.

[20] On the impact of the *Short Course* in China, see H. Boorman, *et al.*, *Moscow-Peking Axis* (New York, 1957), p. 19, and W. W. Rostow, *et al.*, *The Prospects for Communist China* (New York, 1954), p. 94. Similarly for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When it first appeared, the *Short Course* was hailed by the Soviet press as a scientific, Marxist history in contrast with the "abstractions" of the Pokrovskii school. It was even compared to the *Communist Manifesto* in brilliance and succinctness,[21] and extolled as "a great deposit in the treasure-house of Marxism."[22] Between October 1938 and October 1952 over forty million copies of the *Short Course* appeared in the languages of the Soviet peoples, and more than eleven million in other languages.[23] In addition, the text of the book appeared serially in *Pravda,* and was printed in *Bol'shevik* and in *Partiinoe Stroitel'stvo* (*Party Construction*).[24] According to Iaroslavskii, never before in the history of literature had a textbook received such wide distribution.[25]

IV

The decade of the 1940's saw little change in the status of the *Short Course* in Soviet historiography. During World War II, the book was to some extent displaced by Stalin's *Great Patriotic War,* but in the ensuing period of the "cold war" the *Short Course* became once more the paragon of historical scholarship.[26]

During the last years of Stalin's life the prestige of the *Short*

Eastern Europe, H. Seton-Watson, *The East European Revolution* (New York, 1956), p. 306.

[21] "Moshchnoe ideinoe oruzhie bol'shevizma" ("A Powerful Ideological Weapon of Bolshevism"), *Bol'shevik,* 1938, No. 17–18, p. 2.

[22] "Istoriia VKP (b)—leninizm v deistvii" ("The History of the VKP (B)—Leninism in Action"), *Bol'shevik,* 1938, No. 19, p. 6.

[23] *Bol'shaia Sovetskaia Entsiklopediia,* XIX, 38.

[24] E. Iaroslavskii, "Kratkaia entsiklopediia bol'shevizma" ("A Short Encyclopedia of Bolshevism"), *loc. cit.,* pp. 3–4.

[25] *Ibid.* Millions of copies of Stalin's essay, "Dialectical and Historical Materialism," were also published separately.

[26] See the following editorials in *Voprosy Istorii* (*Problems of History*): "Protiv ob"ektivizma v istoricheskoi nauke" ("Against Objectivism in Historical Science"), 1948, No. 12, pp. 3–12; "O zadachakh sovetskikh istorikov v bor'be s proiavleniiami burzhuaznoi ideologii" ("On the Tasks of Soviet Historians in the Struggle with Manifestations of Bourgeois Ideology"), 1949, No. 2, pp. 3–13; "Zadachi sovetskikh istorikov v oblasti novoi i noveishei istorii" ("The Tasks of Soviet Historians in the Field of Modern and Recent History"), 1949, No. 3, pp. 3–13; and "Osnovnye zadachi istorikov sovetskogo obshchestva" ("Basic Tasks of the Historians of Soviet Society"), 1949, No. 8, pp. 3–8.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Course was very great. On October 1, 1951, the lead editorial of *Pravda* hailed the thirteenth anniversary of the book's publication. "The appearance of this work by Stalin on the history and theory of Bolshevism," *Pravda* stated, "was an outstanding event in the ideological life of our Party, of the Soviet people, and of the world communist movement." This last point—the importance of the *Short Course* in furthering the world communist movement—received special emphasis in the editorial, for in the years following the book's publication Stalin's theories on international communism had indeed not remained merely dogma, but had been effectively put into action in Eastern Europe and in China. The *Pravda* editorial added that the new member-countries of the Communist world now had in the *Short Course* an indispensable model for rapid economic construction as well as an ideology to bind their allegiance to the center of world revolution—the Soviet Union.

In the same issue of *Pravda,* its editor, P. N. Pospelov, warned his readers of the continuing existence of the "capitalist encirclement." Since Stalin had repeatedly pointed to the danger of capitalist intervention as justification for Soviet aid in spreading the revolution to other countries, Pospelov's warning that the danger was still present implied that the aim of international communism had not been abandoned—that the absorption of Eastern Europe and of China into the Communist sphere had not eliminated the danger of capitalist encirclement.[27]

During the following year, 1952, few comments on the *Short Course* appeared in the Soviet press. The events of the Nineteenth Party Congress overshadowed the fourteenth anniversary of the book's appearance, but on October 1, the *Short Course* was honored by S. Neznanov in *Izvestiia.* Neznanov was ecstatic in his praise of the book, calling its publication in 1938 "a great event in the ideological life of the Communist Party and the Soviet people" and acclaiming the work as "a brilliant model

[27] *Cf.* V. Donskoi, "Ideino-politicheskaia rabota partorganizatsii vysshikh uchebnykh zavedenii" ("The Ideological-Political Work of Party Organizations in Higher Educational Institutions"), *Bol'shevik,* 1951, No. 18, pp. 59–66; "Stroitel'stvo kommunizma i propagandy marksizma-leninizma" ("The Building of Communism and the Propaganda of Marxism-Leninism"), *Bol'shevik,* 1951, No. 19, pp. 3–12; and V. Kuroedov, "Za vysokii ideinyi uroven' partiinogo prosveshcheniia" ("For a High Ideological Level of Party Education"), *Pravda,* October 15, 1951, p. 2.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of scientific scholarship, an encyclopedia of knowledge in the field of Marxism-Leninism."

Until Stalin's death the *Short Course* was regarded by the Soviet press as the book of books. After 1946, Stalin had been consistently identified as its author, and hailed as the leader of all scientific, cultural, ideological, and political endeavor on the USSR. Mikhail Suslov told the Nineteenth Party Congress, in October 1952, that "it would be difficult to name a branch of science, culture, or the arts, to name a sector of the ideological front, where the inspiring and guiding role of our great leader and teacher are not felt."[28] This statement was uttered only five months before Stalin's death; yet less than four years later the *Short Course,* which one Soviet author lauded as an "immortal" work,[29] was removed from its place in Soviet education.

V

Stalin died leaving no single heir to inherit his vast power. A period of "collective leadership" ensued, during which the most prominent Party rulers maneuvered and fought for personal control. This new political situation demanded a new approach to historiography, for it was no longer desirable to accentuate the rôle of the individual in history. Emphasis was now placed upon the rôle of the Party as the guide of the laboring masses in the creation of a new society, and collective leadership was declared to be "the supreme principle of Party guidance," in the highest traditions of Leninism.[30] All schools and discussion groups within the Party educational system were instructed to conclude their courses with a lecture on "The Communist Party of the Soviet Union—the Directing and Guiding Force of the Soviet People."[31]

[28] "Rech' tovarishcha Suslova" ("Speech of Comrade Suslov"), *Pravda,* October 13, 1952, pp. 5–6.

[29] D. Tishchenko, *Entsiklopediia osnovnykh znanii marksizma-leninizma (stalinskii "Kratkii kurs istorii VKP(b)")* (*An Encyclopedia of the Basic Concepts of Marxism-Leninism: Stalin's "Short Course" History of the VKP(B)*) (Moscow, 1949), p. 32.

[30] F. Iakovlev, "Kollektivnost' rukovodstva—vysshii printsip partiinogo rukovodstva" ("Collective Leadership—the Supreme Principle of Party Leadership"), *Kommunist,* 1953, No. 11, pp. 28–38.

[31] "Uspeshno zavershit' uchebnyi god v sisteme partiinogo prosveshcheniia" ("To Conclude Successfully the Academic Year in the Party Educational System"), *Pravda,* May 14, 1953, p. 1.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This revised historiographical approach was manifested in a new summary of Party history, "Fifty Years of the Communist Party of the Soviet Union (1903–1953)," published simultaneously in *Pravda* and *Izvestiia* four months after Stalin's death.[32] The summary was an important document, for its very appearance implied that a general revision of the *Short Course* was probably forthcoming, and its contents presaged the violent criticisms of the Stalinist history made at the Twentieth Party Congress.

Although Stalin was not directly criticized in the new summary, he received only faint praise in comparison with the hosannas in the *Short Course* or in Suslov's speech to the Nineteenth Party Congress. Collective leadership was acclaimed as a Leninist principle that must prevail over the "incorrect, non-Marxist interpretation of the rôle of the individual in history, which takes the form of the idealistic theory of the cult of the individual leader—an interpretation alien to the spirit of Marxism-Leninism."[33] Stalin himself was nowhere explicitly identified with the "cult of the individual leader," but an implicit identification was clear.

It will be remembered that the *Short Course,* by glorifying both Lenin and Stalin, belied its own assertion that history is made, not by individuals acting of their own free will, but by the "laboring masses," in conformity with predetermined laws. The new summary of Party history, however, despite its condemnation of the "incorrect, non-Marxist interpretation of the rôle of the individual in history," itself failed to avoid such an interpretation in its treatment of Lenin. Lenin, though praised as a champion of collective leadership, emerged as a great individual force in Bolshevik history. But in this text his rôle was not rivalled in importance by that of Stalin.

In spite of its own failure to shun the heroic in its depiction of Lenin, "Fifty Years of the Communist Party of the Soviet Union" was an expression of the new official line condemning the cult of personality in Party history, and its point of view was reflected in the Soviet press during the years 1953–55. In an article on Party propaganda, for example, the head of the

[32] "Piat'desiat let Kommunisticheskoi partii Sovetskogo soiuza (1903–1953)" ("Fifty Years of the Communist Party of the Soviet Union (1903–1953)"), *Pravda* and *Izvestiia,* July 26, 1953.

[33] *Ibid.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Agitation and Propaganda Section of the Party's Central Committee wrote:

> In studying Marxist-Leninist theory, our propagandists must show by clear and concrete examples, taken from life in all its fulness, the Party's role as the inspiring, guiding, and organizing force in Soviet society, and the role of the masses as the actual creators of history.[34]

Beginning in 1955, a number of articles in the Soviet press called for the opening of historical archives in order to eliminate dogmatic quotation of official textbooks. The press urged historians to go directly to the sources—the proceedings and decisions of Party congresses, Party conferences, and plenary sessions of the Party Central Committee—in their future research on the history of the Party.[35] Implicit in this call for the use of primary sources was the momentous verdict that the *Short Course* could no longer be relied upon as the ultimate guide to revolutionary thought and action.

VI

In February, 1956, at the Twentieth Party Congress, criticisms of Stalin—for three years merely hinted at in Soviet newspapers and journals—took the form of open denunciations. Khrushchev, Mikoian, and the historian Pankratova explicitly identified "the cult of the individual" as the cult of Stalin, and condemned it for belittling the rôle of the Party and of the masses in history. They attributed the "ideological backwardness" of the Party—as manifested in the excessive reliance upon quotation of dogma—to the deficiencies of the *Short Course* as a sourcebook of Marxism-Leninism and of Party history.

The attack was launched by Khrushchev, who, on February 14, delivered the report of the Party's Central Committee.[36] Khrushchev singled out ideology as the weakest aspect of Party work, and declared the *Short Course* inadequate for the ideological

[34] V. Kruzhkov, "Protiv dogmatizma i nachetnichestva v propagande" ("Against Dogmatism and Pedantry in Propaganda"), *Pravda*, August 4, 1953, p. 2.

[35] See, for example, N. Eroshkin and A. Nelidov, "Arkhivnye fondy—na sluzhbu istoricheskoi nauki" ("Archival Sources—for the Service of Historical Science"), *Izvestiia*, April 15, 1955, p. 3.

[36] N. Khrushchev, *Otchetnyi doklad tsentral'nogo komiteta Kommunisticheskoi partii Sovetskogo soiuza XX s"ezdu partii 14 fevralia 1956 g.* (*Report of the Central Committee of the Communist Party of the Soviet Union to the XX Congress of the Party, February 14, 1956* (Moscow, 1957).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

education of the Party cadres. Three days later, Mikoian echoed these criticisms, and, like Khrushchev, called for the replacement of the *Short Course* by a more satisfactory and up-to-date work.[37] Mikoian called the current study of the history of the Party and of Soviet society "the most backward sector of our ideological work," and exhorted Soviet historians to return to the original documents and to interpret them from a Leninist point of view.

In still another speech before the Congress,[38] Anna M. Pankratova emphasized the need for a "scientific" history of the Party. Calling attention to the dangers of "the theory of 'heroes and the mob,' " she asserted that a scientific history would properly depict Lenin's rôle as leader of the Party, and would restore many "old Bolsheviks" to their rightful place in history.

Khrushchev administered the *coup de grâce* to the Stalinist history of the Party in his "secret speech" of February 25. In the following weeks the "immortal" book was withdrawn from most Soviet educational institutions, and a committee was appointed to write a new history of the Party.

With the *Short Course* in disfavor, the people of the Soviet Union no longer had an ideological bible and a guidebook to revolutionary action. Theoretical and practical questions that arose in the cadres of the Party, in the soviets, on the collective farms, in the trade unions, and in the armed forces could no longer be settled by ready reference to the "short encyclopedia of Bolshevism."

The problem was particularly grave in the institutions of higher education. Without an authoritative textbook, how were Marxism-Leninism and the history of the Party to be taught? One writer in the journal *Kommunist* advocated the return to "the Leninist literary legacy, the decisions of the congresses and conferences, and other Party documents."[39] But attempts to teach Party history from Party documents and the Communist classics alone led to considerable confusion in the classrooms.

[37] "Rech' tovarishcha Mikoiana" ("Speech of Comrade Mikoian"), *Pravda*, February 18, 1956, pp. 4–6.

[38] "Rech' tovarishcha A. M. Pankratovoi" ("Speech of Comrade A. M. Pankratova"), *Pravda*, February 22, 1956, pp. 9–10.

[39] V. Moskovskii, "Vazhnye zadachi partiinoi propagandy" ("Important Tasks of Party Propaganda"), *Kommunist*, 1956, No. 12, p. 37.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Lacking a single official interpretation of the documents and the classics, many teachers of Party history and Marxism-Leninism hesitated to provide their own interpretations, and limited themselves to a narration of the events alone, avoiding ideological issues. In *Kommunist,* F. Konstantinov criticized such inadequate teaching methods, noting that students had complained that their courses in Marxism-Leninism and Party history were dull, elementary, and devoid of scientific analysis.[40] Only by raising the level of scholarship in the field of Party history, wrote Konstantinov, could this harmful situation be improved. He added that the Central Committee had already taken steps in the right direction by appointing a staff to write a new history of the Party, and by ordering the publication of a fifty-volume collection of Lenin's works. Stenographic reports of the Party congresses were also to be published.

Since the Twentieth Party Congress a campaign has been waged to revive research on the history of the Party. The study of source materials and the use of archives have been encouraged;[41] many of Lenin's writings have been published or re-published (some of which, like the so-called "Testament," had been suppressed by Stalin); a new journal on the history of the Party—*Voprosy Istorii KPSS* (*Problems of the History of the CPSU*)—has been appearing since July 1957;[42] and a number of historical studies of local Party organizations have been made.

But all this activity failed to fill the specific gap left by the removal of the *Short Course.* What was needed was a new official history of the Party, and in June 1959 such a history finally appeared.[43] It cannot be known how long the new

[40] F. Konstantinov, "Marksizm-Leninizm v vysshei shkole" ("Marxism-Leninism in the Higher School"), *Kommunist,* 1957, No. 9, pp. 11–27.

[41] See I. S. Smirnov, "Ob istochnikovedenii istorii KPSS" ("On the Treatment of Sources on the History of the CPSU"), *Voprosy Istorii,* 1956, No. 4, pp. 195–201.

[42] Also, since June 1957 two new historical journals have been issued: *Istoriia SSSR* (*History of the USSR*) and *Novaia i Noveishaia Istoriia* (*Modern and Recent History*).

[43] Sections of the new book began appearing serially in *Voprosy Istorii KPSS,* 1958, No. 5 (September–October).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

book, *Istoriia Kommunisticheskoi partii Sovetskogo soiuza* (*The History of the Communist Party of the Soviet Union*), will continue to satisfy Khrushchev's conception of history. The book may undergo considerable revision—it may even be replaced by an entirely new history—during the remaining years of Khrushchev's reign. Whether the latest version of the history of the Party is the true Khrushchevian counterpart of the *Short Course* will be known only after the era of Khrushchev has run its course.[44]

PAUL H. AVRICH

NEW YORK CITY

[44] There are two good discussions of the new history of the Party, both of which contain penetrating remarks on the *Short Course* as well. See Leonard Schapiro, "A New History—a New Mythology," *Problems of Communism*, IX, No. 1 (January–February 1960), 58–61; and Bertram D. Wolfe, "The New Gospel According to Khrushchev," *Foreign Affairs*, XXXVIII, No. 4 (July 1960), 576–87.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

DE GAULLE'S REPUBLIC*

"If the Soviet Union did not exist, France would have the dubious distinction of being the most commented-upon country in the world." How right is this statement with which Raymond Aron begins his own most recent commentary on France! For in addition to it, five other volumes on the Fifth Republic have appeared in English to my knowledge; after Nicholas Wahl's acute and concise study (*The Fifth Republic: France's new political system,* Random House, 1959) and Aron's spirited discussion of *France—the New Republic* with members of the Fund for the Republic, (Oceana, 1960), we now have three longer analyses written by three English and two American political scientists—not to mention the books published in French—about a regime which is barely two years old. As Tocqueville had stated, in a passage quoted by Aron, the French may become an object of admiration, hatred, pity or terror, but never of indifference.

Each one of the volumes under review has its own strengths and weaknesses. Mrs. Pickles writes that her account has two aims: to try to place the Constitution in its political context, and to describe the institutions. The first task she carried out in a few sharp but brief chapters; to the second she devoted far more attention; consequently her book provides us with the most detailed analysis of the constitutional system in English, but there is little about the functioning of the regime.

The volumes by Macridis and Brown and by Williams and Harrison were written, it seems, some weeks or months later. They are more ambitious, and they cover pretty much the same ground: the record of the Fourth Republic and the Algerian tragedy, the crisis of May 1958, De Gaulle's Constitution, the referendum and elections of 1958, the political forces today, and the operation of the new regime. Nevertheless the two volumes

* This review article is based on the following books:

France, Steadfast and Changing: The Fourth to the Fifth Republic, by Raymond Aron. Cambridge, Harvard University Press, 1960. ix, 201 pp. $4.75.

The De Gaulle Republic: Quest for Unity, by Roy C. Macridis and Bernard E. Brown. Homewood, Ill., The Dorsey Press, 1960. ix, 440 pp. $6.65.

The Fifth French Republic, by Dorothy Pickles. New York, Frederick A. Praeger, 1960. 222 pp. $3.50; paperback: $1.65.

De Gaulle's Republic, by Philip M. Williams and Martin Harrison. New York, Longmans, Green and Co., 1960. vii, 279 pp. $4.50.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

differ considerably, not so much on details (see however the respective analyses of Lagaillarde's rôle in May, 1955 and the disagreement between the authors on the nature of the Communist campaign before the referendum) as in their tone and in their emphasis. Both are highly critical of the new regime, but the British volume is more balanced, the American somewhat intemperate and sometimes unfair. Macridis and Brown insist much more on the plots which brought the Fourth Republic to its end, and in particular on the rôle of the army, whose unity and "political theory" I think they exaggerate. Williams and Harrison (like Mrs. Pickles and Aron) believe on the other hand that "the 13th of May did not kill the Fourth Republic. It drew attention to the fact that it was dead." Later, Macridis and Brown devote much more space to the launching of the new institutions and to the new political forces, and much less to the functioning of the regime, than their British colleagues; now, given the very nature of the regime, in which elections and parties have not mattered much so far, it seems to me that Williams and Harrison were right. Macridis and Brown's method would have been more justified under the Fourth Republic, for which indeed they appear to mourn. It is as if, exploring the same confused landscape, the two Americans kept walking, whereas the two Englishmen flew over the ground: the former see more trees, the latter have a better view of the salient points and of the relief. It is in the British volume that the interpretation of General Salan's role, of the Presidency, of Gaullist tactics during the campaign for the referendum, of the problems of the *Union pour la Nouvelle République,* and the description of the frustrations and accomplishments of the new regime are at their most vivid, vigorous and witty. The American volume is a solid and useful achievement; the British one is a masterful anl brilliant successor to Philip Williams' standard work on the Fourth Republic. Both studies take as their central theme the quest for unity which de Gaulle symbolizes, and the dangers or disenchantments which such a quest entails. Both have useful appendices: a selection of documents (mainly statements by de Gaulle) and a chronology in the American volume, a summary of the organic laws in the British one.

Aron's book is in a different category altogether. It is based on lectures delivered at Harvard in October, 1957 and it has two objectives. The first is to answer many of the questions asked by foreign observers about France's troubles: why did parliamentary politics develop into a game which was "deplorable but entertaining" and thus in complete contrast to British politics? What is really the condition of the French economy?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(Here Aron has a field day puncturing the myths launched by Herbert Luethy's pack of half-truths, *France Against Herself*.) Why has decolonization been so painful to the French? A second objective of Aron is to continue the ceaseless study of France's adjustment to the post-war world which he had undertaken in so many previous books and articles; here, he analyzes de Gaulle's return to power, his Constitution and his policies in this perspective. The volume was published in France in the spring of 1959. A postscript brings the analysis up to January, 1960 (so do epilogues to the Williams-Harrison and to the Macridis-Brown volumes). Of particular interest to American readers is Aron's discussion of decolonization: he stresses that the movement's "inevitability" (which he does not deny) was largely due to, and certainly accelerated by, American policy, and that the dialectic which has thus been put into motion might well hit the United States itself, for the Colossus of the North does not appear innocent of imperialism to its southern neighbors—a point which recent events have alarmingly vindicated. Aron's criticism of the ideology of European federalism is also well-taken and incisive. It is European solidarity which matters, but the institutional forms are secondary and the nation-state is neither dead nor necessarily evil. The translation of the book, thanks largely to M. Luigi Einaudi, retains the elegance and epigrammatic qualities of the original text, as well as the countless question marks with which the author likes to provoke his readers.

All four volumes agree on a number of points: the clumsy complexity of a Constitution which, in the present, complicates de Gaulle's task and whose future after de Gaulle is entirely unclear; the lonely eminence of de Gaulle, who has exercised his powers to the hilt and reduced the other organs of the state almost to insignificance; the danger which the Algerian war continues to represent for the regime, but also the wisdom of the provisions on the Community (whose description, in all the volumes, is inevitably obsolete). The main issues raised by these works can be stated as follows:

1) The purpose of de Gaulle and Debré, in setting up the new regime, was to provide political stability at last, despite the persistent divisions of the electorate; can the institutions fulfill their founders' hopes? All our authors are skeptical. First, they point out that the Constitution tries to obtain stability by having the most important agent of the system, the President, elected by a college of "notables," while the directly elected representatives are left with sharply curtailed powers. This might be, as Aron says, a necessary expedient as long as no stable majority can be produced in the Assembly; it is nevertheless a paradoxical

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and anachronistic solution, although the sinister overtones which Macridis and Brown profess to hear in this attempt to "evade the issue of responsibility to the people" are, I think, fictitious. Secondly, stability is also supposed to be achieved, in the relations between the cabinet and Parliament, by a formidable set of constitutional rules intended to act as substitutes for the missing majority party or stable coalition. All the writers are dubious about the prospects of such engineering, and recall that a similar, if more limited, attempt in 1946 had not prevented a return to the pattern of the Third Republic; the rule which obliges parliamentarians to resign if they become ministers comes in for particularly sharp criticism. Thirdly, the drafters of the Constitution had often said that the building of new, strong institutions would in itself be a major step toward the solution of France's problems, which the weakness of the previous regime had either created or inflated. Macridis and Brown, and especially Aron, Williams and Harrison show however that France's problems were deeper than the ills of the Fourth Republic, that "immobilisme" was not merely the product of "le système" but also the result of social, economic and political divisions in the country, that the importance of cabinet crises had been exaggerated and that the persistence of such divisions has sharply curtailed the efficiency and dynamism of the new regime (the two British authors tend, it seems to me, to overstress those limitations a little, although they are entirely right in saying that the Gaullists have overstated the freedom of action which power brings, and entertained illusions about "depoliticizing" major issues).

2) If political stability can ultimately be achieved only through the emergence of a majority in the country, does the regime at least contribute to a satisfactory realignment of French political forces? On this crucial point, our British and American authors all give a negative answer, with varying degrees of dismay or indignation. Here again, the two Americans tend to denounce as *purposes* of the regime, the anaesthesia of opinion and the divorce of political forces from the centers of power which are essentially *by-products* of its attempt to establish a government despite-and-above the electorate's divisions, as well as of de Gaulle's personal style. But all three volumes rightly point out that the President's anguish for unity and his distaste for the squabbles and mores of French parties have a stifling effect both on the electorate and on those very parties without whose regeneration France's future as a democracy is bleak. It is the present condition of the electorate and of the parties which argued against a genuine presidential system, which would of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

course have "involved the people directly with the State": but Macridis and Brown, who seem to regret such a system (on pp. 179–180) had previously criticized its dangers in the French context (on p. 141). The trouble is that no one knows how a political system as chaotic and demoralized as France's had become, can be revived after it has collapsed: as Williams and Harrison put it, it must be done from below, and, given both the relative slowness of social change and the absence of speedy or direct relations between such transformation and change in political behavior, it is natural for the Gaullists to insist that the country be governed in the meantime. But France is, once more, caught in a vicious circle, since such government, removed from the electorate and holding parties at arms' length, does little to help voters and party leaders change their traditional conduct. Aron does not deal with the matter directly in his book, but he has written many articles along those same lines.

3) Given those unsolved problems, what are the prospects of the regime and of the country? Mrs. Pickles mentions alternatives but does not hazard any guess. Macridis and Brown do not go much beyond indicting the regime because under it "the French are in a state of political tutelage" (as if this were entirely true and entirely new). Williams and Harrison, who carefully distinguish between Debré's conception of the Presidency, and de Gaulle's actual use of his powers, believe that the institution might well decline after de Gaulle and that a return to "le système" is far from impossible, despite purely legal obstacles. Aron grapples with the issue more obliquely, but goes deeper. His analysis of the reasons for past cabinet instability brings him to a discussion of the grounds for the peculiar weaknesses of France's parties; he finds so many causes—in France's religious make-up, in her economic and social structure, in her past, in her institutions—that the prospects of British or Scandinavian-like stability appear pretty dim. But there are two kinds of cabinet crises, as he describes them; those which result from the complexity of the game, which might, as we have seen, reappear after de Gaulle and which have no deep implications, and those which actually reflect fundamental dissensions and problems. It is the latter which have endangered representative government in France. If this analysis is correct, the best France could hope for would be the elimination of the latter type of conflicts. In his conclusion Aron discusses their origins; he finds them neither in the institutions nor in France's society (the traditional resistance to industrialization and growth is crumbling anyhow), but in the disproportion between France's obligations and her means, since the beginning of the century;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Macridis and Brown agree with him on this point. Aron finds that the discrepancy persists, and that de Gaulle's policy of refusing to choose between a purely European France, and a nation playing an honorable but not a major rôle in Atlantic and world affairs, both perpetuates the disproportion and runs the risk of losing on both counts.

The issue of the adjustment of France's interests to her means raises a host of problems. First, as Aron himself recognizes, if such an adjustment is the prerequisite to a consolidation of France's political system, it is unlikely ever to be fully met: for France has always "preferred power to business and the ideal to reasonable order." The "profound uncertainty" of the regime about France's rôle in the world reflects a deeper uncertainty, which is unlikely to be eradicated, and which is both a cause of her troubles and a permanent feature of her history and character. Secondly, whatever more gradual or limited adjustment should prove possible—or inevitable—might not be a necessary or sufficient factor of domestic political consolidation. On the one hand, much would still depend on *how* adjustment takes place: if, as in the past, it takes the form of defeats and humiliations, the cure would be worse than the disease. This is why the style of the regime is so important, and why the call for grandeur, if kept within certain limits, may actually hasten psychological adjustment. On the other hand, the record of post-war France shows both a large amount of readjustment, in economic, colonial and diplomatic matters (her interests have decreased and her means increased, so that the consequences of the "profound uncertainty" noted by Aron become gradually narrower) and a persistence of the defects of her political institutions. The area of substantive issues available for disagreement has shrunk, but there has been no corresponding improvement in the attitudes of the citizens and in the state of the parties. Indeed, the nature of those institutions has become (or should I say remained?) almost the major issue in itself. It is a largely autonomous problem which is likely to outlive even decisive choices in Algeria and in foreign affairs, and to preserve France as a source of exasperation for political scientists.

They should, however, be grateful to France for her stubbornness in throwing up the most fascinating problems of their trade, and for the Frenchmen's continuing aptitude, as Aron puts it, "to elaborate on them, both for their own diversion and for the benefit of others."

STANLEY HOFFMANN

HARVARD UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EMPLOYMENT, GROWTH, AND PRICE LEVELS*

When, several decades ago, a very senior British politician was asked his opinion of economists, he reportedly complained, "Whenever I ask for an interpretation of a problem from five economists, I always get half a dozen different replies: four from the first four I ask, and two from Mr. Keynes." Fortunately, when the Joint Economic Committee of Congress invited papers on the problems of Employment, Growth, and Price Levels, they received twenty-three studies among which there was a general consensus on most of the major problems raised. Even more important, the papers have on the whole avoided Mr. Keynes' alleged proclivity toward self-contradiction.

Of course, as a glance at the titles of the papers listed at the end of this review shows, the authors dealt with many aspects of the interdependent problems of employment, growth, and price levels. Insofar as they dealt with different topics, some papers offer conclusions on subjects not mentioned in other papers. It is necessary to make this clear early in the review. For the sake of cohesion, I have emphasized a number of basic questions which recur throughout the paper. This has meant that I have paid less than adequate attention to much of the outstanding work done on other topics.

The most common theme is the cost-push vs. demand-pull controversy which has dominated so much of the recent economic literature. This issue is the subject of the first section of this review. Next, questions of what can and should be done regarding concentration in business and labor are considered. The third section examines policy recommendations designed to ensure a high rate of growth, and considers suggestions as to what we should do with the increased output resulting from growth. The final section presents a brief summary.

Recent Inflation: Cost-push or Demand-pull?

The traditional view that inflation might be explained by excess demand or "too much money chasing too few goods" has recently been subjected to extensive criticism, particularly since 1955. While it is not denied that rapid inflation is almost certain to be caused by excess demand and to call for remedial

* This review article is based on a series of study papers (listed at the end of the article) prepared for the Joint Economic Committee, Congress of the United States, and published September, 1959 to January, 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

action in the form of general monetary and fiscal policy, it is argued that excess demand cannot explain the upward movement in prices in the fifties, since inflation in this period has sometimes been accompanied by rising unemployment. An alternative argument is that inflation may be explained, in part at least, by pressures on the side of costs: powerful business or labor organizations push up prices and wages in the face of steady or even declining demand. This raises the costs of other producers, and puts pressure on them to raise their prices as well. The result is a wage-price spiral.

The political and policy implications of this thesis are manifold. Labor points at big business as the villain of the piece, with administered prices as the chief engine of inflation; business on the other hand looks on unions, with wage demands exceeding productivity increases, as the chief source of inflation. Those who venture policy suggestions on the basis of the cost-push thesis tend to fall into two groups: one, the "pulverizers," propose to eliminate or at least modify the cost-push by breaking up centers of power in business or labor or both. The other major group considers it unrealistic to hope for a high degree of wage and price flexibility in our modern society, and maintains generally that it is preferable to accept creeping inflation to ease the pressures created by cost-push rather than to hold the line firmly on demand and accept a rather high rate of unemployment. This latter position, of course, would not be inconsistent with vigorous demand-restricting policy recommendations should a rapid demand-pull inflation occur.

In his *Recent Inflation in the United States,* Schultze (chapter 2) expresses reservations about both the demand-pull and cost-push theories in their simpler forms.[1] In the first place, the problem of mutual interaction of costs and demands blurs the distinction between the two theories, makes empirical verification of either exceptionally difficult, and inspires much faulty analysis. Costs clearly have some influence on demand: a general rise in the wage rate, for example, may certainly be expected to stimulate aggregate demand. Demand, either actual or potential, will influence costs: labor unions, for example, are likely to push wage demands more aggressively if they are convinced that the authorities will take steps to increase aggregate demand sufficiently to clear the market if prices rise. Because of these interactions, historical data do not permit an easy separation of demand and supply factors, and even the results of a study

[1] For other discussions of the cost-push and demand-pull thesis in this series of papers, see Harris, *The Incidence of Inflation,* chapter 10, or Kreps, *An Evaluation of Anti-Trust Policy,* chapter 6.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the sequence of cost and price movements is inconclusive.

Schultze's second criticism of cost-push and demand-pull theories is that they have been almost exclusively concerned with aggregate demand and aggregate supply rather than with the composition of the aggregates, and it is on this criticism that he builds his own explanation of the recent (1955–57) inflation. Schultze holds that neither the highly aggregate cost-push nor demand-pull theory can explain the paradox of this period: the apparent correlation of demand and price increases industry-by-industry, but with an over-all upward price movement even though aggregate demand was not excessive.

The keys to the recent inflation, according to Schultze (See esp. pp. 8–16), are the shifts in composition of demand,[2] the general upward flexibility but downward rigidity of prices, and the tendency for areas of excess demand to spread inflationary pressures throughout the economy. Under these conditions, the changes in composition of demand would tend to push prices up in the industries characterized by excess demand, while the prices in industries with deficient demand would remain stable or decline only slightly, thus giving an initial upward thrust to the price index. But the inflation would not end there, for the rise in prices of intermediate goods used by industries with excess demand would tend to increase costs in other areas where demand was not in excess. In addition, wage increases in industries of excess demand would tend to spread to other industries, since firms in these other industries for reasons of long-run strategy cannot allow their wage rates to fall significantly below those offered by their competitors in the labor market (pp. 65–71). The combined effect of rising intermediate prices and wage rates would push prices upward in industries even where demand is not excessive.

Schultze's thesis is attractive. It gets beyond so much of the arguing by definition which has confused the recent debate, and avoids the extremes of either the cost-push or demand-pull positions. Hopefully, it may provide some welcome relief from the excessive finger-pointing which has accompanied the cost-push argument: Schultze considers neither big labor nor big business as major culprits. His empirical sections carefully analyze the complex and confusing signals emitted by the economy, and give substantial backing to his thesis.

Further evidence regarding Schultze's thesis may be found in

[2] Sectoral demand pressure has been stressed as a feature of the recent inflation by other writers as well. See, for example, United Nations, *World Economic Survey, 1957*, pp. 29–33.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the papers by Conrad, Kuh, Schultze and Tryon, and Levinson, all of which have as their principal objectives the presentation of statistical data concerning prices, profits, and costs. Levinson's paper, for example, deals with the problem of wage movements upon which Schultze depends for his upward price thrust following sectional rises in demand. Schultze anticipated that upward wage movements in high-demand industries would be followed by upward movements in other industries which could not afford to fall appreciably behind in their wage offers. Levinson's finding (pp. 4–5) that in a number of 2-digit Standard Industrial Classification industries there was no important relationship between year-to-year changes in hourly earnings and either output or employment tends to support Schultze's proposition, as does similar evidence presented by Conrad (p. 150) with regard to smaller 3-digit industries. Nevertheless, doubt is cast on Schultze's hypothesis by Levinson's conclusions that wages tended to be strongly correlated with profits (p. 5) and with concentration ratios (p. 3).

Regarding the cost-push *vs.* demand-pull controversy, one other conclusion of Levinson should be noted. He found (p. 21) that there was "no generally applicable relationship between union strength and wage increases in various industries." Although this evidence might be adduced to support the proposition that labor unions have not been a major factor in cost-push inflation, it is by no means conclusive, since it is possible that wages are pushed up in the strongly unionized industries and that other industries, whether unionized or not, adopt the same pattern (p. 6).

Schultze's hypothesis regarding inflation originating in specific sectors sets the stage for studies of specific industries in which prices have tended to rise especially rapidly. In *An Analysis of the Inflation in Machinery Prices,* Wilson presents considerable evidence (p. 52) that "demand pressure played an important, and probably the dominant, role in the 1954–57 inflation in machinery." This evidence ranges from charts of the tell-tale (but inconclusive) irregular upward climb of machinery prices (as contrasted to steel prices, which behaved in a rather rigid manner) to the much more solid corroboration offered in his analysis of such demand indicators as hours of overtime and plant and equipment expenditures. However, in spite of the support which Wilson's paper gives to Schultze regarding the primary effects of sectoral demand on prices, Wilson fails to discover the expected wage behavior. He notes (p. 56) that, according to Schultze's hypothesis, wages should increase in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sectors of excess demand, and then in other sectors. However,

> this phenomenon evidently did not occur in the machinery sector. The ratios of average hourly earnings in both electrical and non-electrical machinery to average hourly earnings in manufacturing as a whole remained almost constant throughout the whole period.

A further difficulty is created for Schultze's hypothesis by the behavior of the steel industry, which was characterized by regular and significant price increases although demand was not on the whole excessive. In considering this difficulty, Schultze studies the attempts of businesses to recover their fixed costs, but concludes (p. 93) that this factor is insufficient to explain the behavior of steel prices:

> In one respect the *U. S. Steel* case is not representative of the kind of changes in pricing policies which characterized the 1955–57 period. In many industries price increases were, in part, a response to the growth in fixed unit costs associated with the failure of output to rise. . . . In the case of the steel industry, on the other hand, the price increases were much larger than could be explained by the increase in fixed costs.

From both Schultze's paper and Eckstein and Fromm's *Steel and the Postwar Inflation,* it is almost impossible to escape the conclusion that monopolistic power has been the major cause of the rapidity of the steel price rise. The emphasis of the two papers seems, however, to be somewhat different: Schultze stresses (pp. 91–93) the apparent rise in *ex ante* profit margins (the lowering of the break even point), whereas Eckstein and Fromm divide the blame for price increases more evenly between labor and management (pp. 14–29).

In addition to the causes of the rise in the price of steel, Eckstein and Fromm study the effects of this price rise on the general price indices. Insofar as steel enters into the wholesale price index, a rise in steel prices will directly affect the index. But, of course, the effects of a steel price rise do not end there: steel price increases tend to push up the price of steel consuming industries, e.g. trucks. And of course, upward pressures on the price of trucks would create upward pressures on industries using trucking services, and so on. To deal with the ever-widening circle of effects, Eckstein and Fromm employ an input-output table.

While the paper of Eckstein and Fromm is distinguished by imagination, technical competence, and over-all clarity, it is marred by a lack of sufficient caution. If they were writing for a professional journal, this would perhaps be trivial; when they are writing for a congressional committee on a subject with obvious political implications, it is not. While they note the assumptions and limitations of their analysis in technical appendices, these assumptions are not adequately stressed in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

text, and the conclusions in particular invite quotation without modification. Indeed, such a quotation may be found in another study paper in the series (Redford, p. 14 from Eckstein and Fromm, p. 34).

> If steel prices had behaved like other industrial prices, the total wholesale price index would have risen by 40 per cent less over the last decade and less by 52 per cent since 1953. Finished-goods prices would have risen less by 23 and 38 per cent, respectively.

This conclusion is based on the following assumptions (among others): (1) that industries have constant input coefficients, that is, they are unable to substitute cheaper factors of production for factors which are becoming relatively expensive; (2) that the production relationships of 1947 were adequate as a base for studying the price movements of 1953–58; (3) that there was neither appreciable net markup nor absorption of steel price increases by steel users. These assumptions may not have been grossly misleading,[3] but they should have inspired caution in the wording of conclusions.

Where, with respect to public policy issues, are we left by the papers so far considered? Clearly, they have not provided trust-busters with an indictment of monopoly and oligopoly power as the unique source of inflation. Nor have they provided those who view with alarm the present inflation with a clarion call to tighten down the screws of general monetary and fiscal weapons. Indeed, the implication might be drawn that specific rather than general controls are the area of monetary policy which needs development in the current situation.

In spite of the absence of a clear-cut answer to current inflationary problems, there is a general lack of despondency about the situation. From Schultze's thesis, for example, it might be concluded that the inexorable inflation envisaged by some cost-push theorists need not come about: so long as the economy advances along a relatively broad front with few large shifts in the composition of demand, appreciable inflation may not occur.[4] Furthermore, insofar as prices are downwardly rigid

[3] Although I must confess that I am mystified by the Eckstein–Fromm explanation (p. 6) of the third assumption: "Given the general economic conditions over the period, including the relative constancy of profit margins, the net markup or absorption must have been close to zero." It would seem to me that if percentage profit margins were constant there must have been an absolute markup.

[4] Schultze writes (p. 15): "This analysis is fairly optimistic. . . . In particular the size of the price increases between 1955 and 1957 are not a good indicator of the kind of problem which may be confronting us (assuming, of course, we do not allow classical excess aggregate demand inflation to get started). The magnitude of the shifts in demands between mid-1955 and mid-1957 were unusually great, even for a dynamic economy."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enough to require that relative price changes result in an upward movement of general price indices, Schultze is complacent about such inflation (p. 77):

> Popular articles on inflation often begin by reciting all of the evils of a hyperinflation, and then assign those evils as the consequence of any inflation, no matter how gradual. The inflation we have here described need have none of these characteristics. Mild inflation is, in fact, one of the ways in which an economy with downward rigidities in its cost and price structure allocates resources.

Similarly, Harris, who on the whole stresses the cost-push thesis as opposed to the demand-pull thesis perhaps somewhat more than Schultze, expresses an attitude toward inflation which is anything but alarmist (p. 15):

> Perhaps the strongest argument for inflation as a price to be paid for rising output can be raised by the experience in the last 10 years. Here there seems to be a real danger that excessive concern with the price level and restrictions on monetary supplies may bring unnecessary curtailments of output and recessions.

Antitrust Policy

Perhaps our inflation of approximately one and one-half per cent per annum since the end of the Korean war is nothing to be alarmed about. Still it may be asked if more vigorous action to restrict the price-raising ability of powerful economic units is in order. This query goes beyond a simple question of prices; it takes on an urgency when we find ourselves wondering how much unemployment we should risk in order to keep the inflation to a crawl. Even if we were to decide that the advantages of more vigorous antitrust action would far outweigh any possible disadvantages, however, the question remains as to how effective we might justifiably expect a more active antitrust policy to be.

The papers by Kreps and Redford should not promote unreasonable optimism on this score. Kreps' conclusions (p. 42) are blunt:

> Giant enterprise . . . has grown irrevocably beyond the point of no return. Such bigness in business has irresistibly generated big labor and big government. All are integral and vital to modern economic, political, and military survival. The problems of monopoly power in such giant organizations . . . will require other remedies than those now available under the antitrust laws. Both atomization and surrender are impracticable. . . . To atomize or pulverize big corporations or big unions . . . even if possible, would not restore consumer sovereignty.

Kreps considers admonitions, injunctions, cease-and-desist orders, and fines as ineffective in keeping big business in line. Such tactics have proved to be much less effective than license suspension in dealing with traffic violations; Kreps (p. 46) would have

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the operators of giant firms granted licenses to exercise limited powers "retainable only by continued observance of minimum regulations as specified in their Federal charter or supplementary license."

Redford examines the possibilities of extending a more traditional type of antitrust activity. He is sympathetic toward suggestions to exert moral pressure against undue administered price increases by requiring that large corporations give advance notice of such increases. A particular problem is raised by the steel industry, and fact-finding boards might be set up to make recommendations. A general commitment of the government to pass on price increases would, however, run into formidable problems in establishing criteria for action. (See pp. 16–21.)

General pessimism regarding the possibilities of checking cost-push forces in our economy is deepened by Leiserson's study of wage-price problems in Europe. While he is careful to note that his conclusions may not be applied without extreme caution to the United States, and while he specifically warns (p. 58) that his study "should not be interpreted as implying that European experience shows 'nothing can be done' about the problems of wage-price stability in a full employment economy," he concludes (p. 55) that movements toward national wage policies are not likely to be successful, except perhaps temporarily during periods of grave national crisis. Only in Norway and the Netherlands, where balance-of-payments problems dramatize the necessity of keeping wage-price pressures under control, does Leiserson find that national wage policies have continued to be an important factor. A defense emergency might provide a rallying point for a wage policy in the United States, but a second necessary condition for success of such a policy—a high degree of central coördination of economic policy with the government—does not exist in the United States.

Economic Growth: Its Prerequisites and Directions

While there is considerable public argument as to whether creeping inflation is a necessary price to pay for economic growth, there is no doubt that growth can mitigate long-run inflationary pressures by providing more goods for the market. United States prospects for growth are studied by Knowles, and by Fisher and Boorstein.

Fisher and Boorstein turn their attention to a problem which has periodically caused nagging concern in the United States: will our resources be adequate to satisfy the large and growing requirements of our economy? Their conclusions are on the whole reassuring. Although we may expect our reliance on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

imported raw materials to increase, we may hope to avoid severe restrictions on our growth for several reasons. First, although many of the highest grade mineral deposits are being exhausted, techniques are being developed for using lower grades which may not prove significantly more expensive than current high-grade extraction. For example, it may become possible to supply a substantial share of United States oil needs from domestic shale or from Canadian tar sands. Secondly, a dynamic economy has an amazing capacity to substitute new materials for resources which are becoming scarce. Plastics and aluminum are examples. In the light of this last point, it is interesting to note that Fisher and Boorstein are most apprehensive regarding the future adequacy of our supply of water, a resource for which substitution possibilities are limited.

Knowles attacks the question of how rapidly we may reasonably expect the economy to grow without drastically changing the nature of our system. Assuming that we succeed in keeping our average level of unemployment below 4 per cent, our economy may grow at a rate as high as 4.6 per cent per annum in the next decade and a half. This rather high rate is partly attributable to the expected increase in the rate of growth of the labor force and to the assumption that the average age of capital stock will decline in the absence of periods of low investment such as occur in a prolonged depression (p. 43).

Quite apart from the problems of major depressions, however, it may prove to be rather difficult to hold unemployment to the levels assumed by Knowles. As may be seen from the Study Papers (Nos. 6 and 23) presented by the Bureau of Labor Statistics, the problem of unemployment, like that of inflation, must be looked on not only in terms of aggregates but also in terms of its sectoral composition. Young people entering the labor force have a much higher than average rate of unemployment: in 1957, for example, 18 and 19 year olds had an unemployment rate of 10.9 per cent compared to 4.3 per cent for the total labor force. Thus, the rise in the rate of growth of the labor force cited by Knowles presents not only an opportunity but a challenge: will our economic system become efficient enough in finding jobs for entrants into the labor force to prevent the rate of unemployment from climbing?

Since unemployment tends to be concentrated not only among the young but among the uneducated, education is frequently looked upon not only as a means of stimulating growth but also of easing unemployment directly. It is to the economic problems faced by the primary and secondary educational systems that Hirsch addresses himself. The present reviewer agrees with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

many of the conclusions of Hirsch, such as that foreseeing financial crises if the property tax remains the main source of school revenues, and that recommending a shifting of financial responsibility to the state and possibly the federal government (p. 1). Nevertheless, this paper suffers from a number of defects. Hirsch's use of economic lingo is disconcerting.[5] More significantly, at times he appears to be under the illusion that mere statistical correlations are a valid basis for policy conclusions. For example, the statement that schools are likely to meet serious financial problems is based largely on his computation of a low income elasticity of education (p. 38). But if, as Hirsch alleges,[6] the quality of education has risen (pp. 28–29), one might use the low income elasticity to argue precisely the opposite: if we have been able to raise the quality of our education with relatively little strain, a further rise in quality, even at a more rapid rate, should not occasion crisis.

But let us leave our methodological criticisms and acknowledge that education has a good claim to a sizable share of our economic growth. What other segments are likely to receive an inadequate share unless proper public policies are undertaken? Lampman presents one answer in his *Low Income Population and Economic Growth*. Presumably, if our society becomes ever richer, it is inexcusable for us to be indifferent toward any remaining pockets of poverty. Lampman's recommendations overlap other issues raised in this series of papers. Clearly, one segment of the low income population will be helped by steps taken to ensure full employment. Another segment can be aided by attention to problems of old age security. (See also Harris, chapter 5, on this subject.)

Another area which may require wise government policies in order to ensure adequate resource allocation is medicine. As Roberts notes (p. 47), "medical care is becoming wonderfully effective and appallingly expensive." One of the difficulties is an insufficient flow of new doctors. Since 1949, the number of

[5] For example, he mentions "exogenous forces" (p. 1 and p. 5) without telling us to *what* these forces are "exogenous."

[6] Hirsch's criterion of educational quality (p. 28) will no doubt come as a surprise to teachers who have been under the illusion that it is easier to get points across to small classes than to unwieldy mobs: "One measure, expressed in physical units and most likely an ingredient of good education, is the number of principals, superintendents, and consultants per 1,000 pupils in average daily attendance. These are the educational experts who evaluate the curriculum and their number is considered to be as reliable an indication of the quality of education as can be obtained at present; superior to any other simple measure, as for instance, teacher-pupil ratio."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

physicians per 100,000 population had declined from 135 to 132, and the output of United States medical schools will have to rise from the 1959 figure of about 6,900 to 9,100 per year if the physician-population ratio is not to decline further.

One more sector of our economy, defense, should be mentioned in connection with the problem of resource allocation in the coming decade. Rowen feels that no simple answer can be given to the question of how much defense we should have. There can be no such thing as one hundred per cent defense in the contemporary world, and at the margin we must balance more defense against more of other things we might want. (Pp. 65–66. This, of course, is based on the assumption of reasonably full employment.) Rowen finds neither of two polar positions satisfactory. The "strategy first" approach assumes that there are specific absolute defense needs, which we must meet regardless of costs. This in turn assumes that military intelligence can make precise, valid estimates of the enemy threat at various future dates. On the other hand, the "budget first" group are preoccupied with holding the line, and look on a budget ceiling as a way of squeezing waste out of the defense establishment. But, in Rowen's words (p. 65), budget-firsters "often fail, however, to understand the seriousness of our defense problems, and that a war is likely to be more wasteful than inefficiency in the Pentagon." Rowen's paper does not make good bedtime reading; this, however, is presumably inevitable in a paper aimed at a realistic appraisal of our defense needs.

Given the size of our probable public expenditures in the coming years, it is difficult to see how we may reasonably expect any significant decline in our national debt. This being so, it is necessary to consider steps which may be taken to mitigate problems created by the national debt. Smith points out that the gross debt figures approaching $300 billion which are usually quoted give an exaggerated impression of the burden: over $50 billion is held within the Federal Government itself, and another $25 billion is held by the Federal Reserve System, which returns 90 per cent of its interest receipts to the United States Treasury. Nevertheless, he has a number of specific suggestions to make regarding the debt: steps to lengthen the debt should be taken when interest rates are relatively low (p. 135); serious consideration should be given to greater dependence on fiscal policy for over-all restraint and somewhat less on monetary policy since a relatively small shift here might reduce interest rates considerably and thus ease debt management problems (p. 139); the Treasury

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

should seriously consider auctioning its intermediate and longer term issues as well as its bills (p. 143).[7]

The present reviewer is in general sympathy with the suggestions of Smith. Nevertheless, it should be pointed out that the recommendation regarding the timing of debt lengthening runs directly counter to advice frequently offered on this subject. Interest rates tend to be low during depression; a debt stretchout will reduce the liquidity of security holders and consequently may have adverse effects on spending. Smith is decidedly skeptical about the significance of any such possible adverse effects (pp. 99–101).

Final Remarks

As was mentioned in the introduction to this article, a number of issues have of necessity been skipped over. This is particularly true of the financial aspects of the series: those who are interested in these issues, are referred, in addition to the paper by Smith, to *Financial Aspects of Postwar Economic Developments in the United States* by John Gurley, and to *Protection Against Inflation* by H. S. Houthakker. A discussion of the international implications may be found in *International Effects of U. S. Economic Policy* by Edward M. Bernstein.

What over-all impression do the papers in this series give? While a critical reader will have no difficulty in finding passages where conclusions are too strong for the evidence presented, the general judgment must be favorable. A wealth of factual material, statistical calculations, and thought-provoking ideas is presented. Much background work has been done for the guidance of legislators. It is to be hoped that the papers will contribute to intelligent public discussion of the economic problems and opportunities facing the United States in the decade ahead.

PAUL WONNACOTT

COLUMBIA UNIVERSITY

[7] For similar suggestions regarding debt management as well as numerous other policy recommendations, see *Employment, Growth, and Price Levels* (Report of the Joint Economic Committee, Congress of the United States, Jan. 26, 1960). The committee report differs from that of Smith on the advisability of the 4¼ per cent interest ceiling on securities of five years or more. Smith (p. 154) would have it abolished; the committee (p. 36) would have it retained, at least until major fiscal, monetary, and debt management reforms are instituted.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
STUDY PAPERS ON EMPLOYMENT, GROWTH, AND PRICE LEVELS

No. 1 *Recent Inflation in the United States* by Charles L. Schultze, September 1959.

Nos. 2 and 3 *Steel and the Postwar Inflation* by Otto Eckstein and Gary Fromm; *An Analysis of the Inflation in Machinery Prices* by Thomas A. Wilson, November 1959.

Nos. 4 and 5 *Analysis of the Rising Costs of Public Education* by Werner Z. Hirsch; *Trends in the Supply and Demand of Medical Care* by Markley Roberts, November 1959.

No. 6 *The Extent and Nature of Frictional Unemployment* by the Bureau of Labor Statistics, November 1959.

Nos. 7, 8, and 9 *The Incidence of Inflation: Or Who Gets Hurt* by Seymour E. Harris; *Protection Against Inflation* by H. S. Houthakker; *The Share of Wages and Salaries in Manufacturing Incomes, 1947–56* by Alfred H. Conrad, November 1959.

Nos. 10 and 11 *Potential Public Policies to Deal With Inflation Caused by Market Power* by Emmette S. Redford; *A Brief Interpretive Survey of Wage-Price Problems in Europe* by Mark W. Leiserson, December 1959.

Nos. 12 and 13 *The Low Income Population and Economic Growth* by Robert J. Lampman; *The Adequacy of Resources for Economic Growth in the United States* by Joseph L. Fisher and Edward Boorstein, December 1950.

Nos. 14 and 15 *Financial Aspects of Postwar Economic Developments in the United States* by John Gurley. *Profits, Profit Markups, and Productivity: An Examination of Corporate Behavior Since 1947* by Edwin Kuh, December 1959.

No. 16 *International Effects of U. S. Economic Policy* by Edward M. Bernstein, January 1960.

No. 17 *Prices and Costs in Manufacturing Industries* by Charles L. Schultz and Joseph L. Tryon, January 1960.

No. 18 *National Security and the American Economy in the 1960's* by Henry Rowen, January 1960.

No. 19 *Debt Management in the United States* by Warren L. Smith, January 1960.

No. 20 *The Potential Economic Growth of the United States* by James W. Knowles, January 1960.

No. 21 *Postwar Inflation* by Harold M. Levinson, January 1960.

No. 22 *An Evaluation of Anti-Trust Policy: Its Relation to Economic Growth, Full Employment, and Prices* by Theodore J. Kreps, January 1960.

No. 23 *The Structure of Unemployment in Areas of Substantial Labor Surplus* by the Bureau of Labor Statistics, January 1960.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Politics and Vision: Continuity and Innovation in Western Political Thought. By SHELDON S. WOLIN. Boston and Toronto, Little, Brown and Company, 1960.—x, 529 pp. $7.50.

Sheldon Wolin, having read widely, carefully, and with an ability to note what great thinkers say, regardless of established traditions of interpretation, has written a revisionist work which constitutes a valuable corrective, even though his positive theses are not fully convincing. After a nicely judicious essay which explicates the nature, and defines the tasks, of political philosophy, he analyzes the thought about the political order of a series of major thinkers from Plato to Hobbes; and in every case he challenges accepted generalizations and forces the reader to become aware both of prevalent misconceptions about, and of neglected yet vitally important strands in, their thinking. That achievement, however, is not his main purpose which is to demonstrate the evolution of types of interpretation of the nature of political institutions; of their rôle in the pursuit of human destiny; and of their relation, derivative or dialectical, to concepts of human nature.

The last two chapters, entitled "Liberalism and the Decline of Political Philosophy" and "The Age of Organization and the Sublimation of Politics," do not center on individual thinkers, but on movements, although in them there are some major reinterpretations of a number of writers, from Locke to Lenin. Professor Wolin's over-all theme up to this point is that changing ways of thinking were designed to create or to preserve the central public order of politics, even when other-worldly destiny was an overriding end and the ordering of this world was threatened by allegiance to non-political community or by the anarchism of a search for personal salvation. He argues that, by contrast, the modern ill is the depoliticizing of politics, and indeed the very destruction by abandonment of a collective and overriding public order and interest, whether as a meaningful theme for discourse or as a basis for order.

Professor Wolin lulls his reader into a false sense of security, by an initial defense of liberalism: liberalism, as against radicalism, is not guilty of the excessive rationalism, the pure individualism, and the naïve progressivism whereof it is normally accused. These excesses, today so emphasized by the New Conservatives, are not its real sins, which consist rather in opening the way to an emphasis on society as against state, and thereby facilitating the sinister work of thinkers not liberal in profession. In the nineteenth century, sociology became central, from Comte

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

through Durkheim and Weber; and thinking about men's ordering focused on organization, on the organizers and the organized masses, a fundamental theme of politics today.

In the industrial world organizations were politicized; but as very consequence common loyalty and participation in a properly political order disappeared. Rousseau, Romanticism, and Idealism had sought, indeed, a restoration of community, of human fulfillment by belonging. But this search became a prop for, and ended in a hypocritical rationalization of, orders planned, controlled, and directed by élites, whereunder men were speciously liberated by being carefully adjusted in a process whose essence was a political denaturing. To this development Maistre and Bonald, Fourier and Proudhon, Lenin and the American managerialists, unsuspecting allies and brothers under the skin by reason of sharing a common frame of reference, all contributed.

Our need is, then, to return to tradition, to the correct and public referent of politics, by depoliticizing the local, the economic, the professional; by overcoming disruptive pluralism; by seeing that bureaucracy and expertise are subordinate, and never sufficient; and by recognizing that there is a general political good. Lesser units, and nonpolitical functions, must be subordinated. They are not themselves centers of true politics, which is corrupted, and indeed destroyed, when they function under the illusion that they are sufficient as political centers, or embody and effectuate adequate concepts of man's political rights and duties.

It is needless to deny the reality of the excesses in thought which Professor Wolin emphasizes. Yet I would argue that he misconceives trends and reasons; and that, were his analysis the full story—and he indicates his own awareness that it is not—there would be no possible solution: the politics he seeks would have no base, since to plead for a public philosophy alone is not enough. He neglects, I think, modern federal theory; and he fails to see that pleas for community, for organization, and for pluralism, essentially criticisms of the state as it operated in the past, are statements of the inclusions necessary for its redefining and reconstruction. The current problem of political obligation, itself the classic theme of politics, has in our time been insistently restated, but at present remains unanswered: how to relate specific functional to over-all public obligation in the light of the needs of the ultimate person, socially affected, but irreducible.

Thomas I. Cook

The Johns Hopkins University

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Foreign Aid: Theory and Practice in Southern Asia. By CHARLES WOLF, JR. Princeton, Princeton University Press, 1960.—xix, 442 pp. $7.50.

The publisher explains the purpose of this Rand Corporation research study by saying that it tries to meet some of the difficulties arising from the fact that much of the writing on foreign aid "lacks precise terminology, reliable data, or an agreed set of problems to be considered." With the exception of the reference to reliable data these are not, I think, the aspects that most of those who read widely in the literature on foreign aid would have selected as most open to criticism. Preconceptions, prejudice, over-simplification, too easy generalization, are more frequent and more dangerous weaknesses in this pastime. It should be recorded to Dr. Wolf's credit that in spite of his limited objectives he does recognize and consider some of these more common and more significant defects.

There are really two books incorporated in this single volume.

The first is a historical summary which in 248 pages reviews the background and history of United States foreign aid in the post-war period. This is a very valuable statement of the record; I know of no other place where the changes in plans, in objectives and in organization of this great work are so clearly marked down. If Dr. Wolf had done nothing else his care in distinguishing between, and describing the intermingling of, relief aid, technical assistance, military aid and economic aid in their various forms and relationships would be a real contribution to the understanding of what the United States government intended to do, thought it was doing, and actually did, in its foreign aid program between 1945 and 1957. I, for one, plan to keep this book close at hand for reference and citation.

It is in the last half of the volume, in which the author deserts the record of Practice and begins to write on Theory, that a reviewer's troubles begin.

In the first place there is the matter of style, and the author's preoccupation with terminology. In the historical section this is not too much of a handicap because a historical summary does not provide any great opportunity for the kind of involved murkiness that a discussion of theory seems to invite. The latter half of the book is an example of the typically stagnant quality of American academic prose. In his desire to be precise the author invents terms and uses the kind of economic jargon that gives the writing an air of almost contrived obscurity. Dr. Wolf has done little to improve the situation which he

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

himself described when he wrote "The semantics of foreign aid is not the least obscure aspect of the subject" (p. 188). In places he has carried over-elaboration to a discouraging extreme. For instance it is not too encouraging to encounter such statements as,

> . . . a relative "gravity" or disutility measure on a pure numerical scale might be assigned at least to the major alternative war situations under consideration. By combining such a policy parameter with the no-less intuitively based probability estimates already mentioned, one might then approach an expected-value estimate for the corresponding local war situations (pp. 105–106).

Much of this part of the book is devoted to an effort to work out mathematical formulae which can be used for purposes of measuring need and estimating the most effective methods of designing solutions with particular reference to the involved relationships of political behavior and economic change. The equations developed are exceedingly complicated and are not recommended for the general reader. Nor are the results likely to provide much practical guidance even to economists (or politicians) engaged in developing policy, much less to administrators who carry it out. There are too many imponderables and human nature is too perverse to justify any great reliance on such theoretical exercises.

Dr. Wolf wisely challenges some of the easy assumptions of the professional proponents of foreign aid. His attitude is healthily critical and astringent. He comes down firmly on the side of those who believe that the Mutual Security Program is, under present circumstances, an essential element of American foreign policy. But he is not among those who consider it a sure and automatic solution for the world's ills. It is also worth noting that his general assessment supports rather than seeks to demolish the belief that American foreign aid has, on the whole, been reasonably well conducted. In what are almost the only sparkling sentences in the book he refers to the fact that there has often been

> . . . a tendency for the public, and its representatives in Congress, to infer that foreign aid is a combination of hopeful principles and hapless administration. Protagonists of foreign aid have usually recited its broad and hopeful principles as corroboration for their support. Antagonists have often lit upon the occasional administrative lapses as corroboration for their opposition. A theoretical approach to foreign aid issues should have something to contribute toward bridging this gap, at least for doing so in the case of that large fraction of the Congress and the public whose minds have not already been irrevocably made up by their previous votes or speeches (p. 413).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I can only regret that I cannot share the author's belief that either the Congress or the public will (a) understand, or (b) would profit greatly from seeking to apply, his theoretical approach.

H. L. KEENLEYSIDE

VICTORIA, B. C.

Law and Opinion in England in the Twentieth Century. Edited by MORRIS GINSBERG. Berkeley and Los Angeles, University of California Press, 1959.—viii, 407 pp. $6.50.

This important volume of published lectures delivered in the University of London is broadly a sequel to Dicey's classic book, *Law and Public Opinion in England* (1905). It deals with Dicey's theme on the relations between public opinion and law in the context of the twentieth century. But notable differences between the two works are quickly apparent. Here we have seventeen authors rather than one, and it is self-evident that even with the best will in the world seventeen are less effective than one in achieving an integrated treatment of a complex subject. There is no tight unity in this book and it is not to be expected. The authors differ widely in outlook and assumptions, and their conclusions range in variety. About half are legal scholars, and the remainder are social and political thinkers with special interests of one kind or another, sometimes in theory and sometimes in institutional structure and development. Yet in one respect they all obviously differ from Dicey: they have witnessed England pass through the profound experiences of two world wars, with the sharp dislocations and deep changes that came as the aftermath of both. They have observed and studied a revolutionary age, whereas Dicey lived in and wrote about the Victorian era of peace and gradual reform, when ideas might slowly come to fruition and statesmen still felt that they could be leisurely in coping with major national problems.

The authors make no attempt to follow Dicey in expressing the issues of the twentieth century in terms of two antithetic philosophies of individualism and collectivism. Since they think that he unduly simplified the issue for his age, they eschew any such simplification for their own. The conflict is less often between individualism and collectivism than between different forms of collectivism. Nor are they disposed, like Dicey in his second edition, to offer a solemn warning that "the combination of socialistic and democratic legislation threatens the gravest danger to the country." They have lived for years with some phases of this legislation, and although not complacent about

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

its consequences, are not on the whole greatly harassed by anxiety. They see it as a part of the fabric of modern industrial society, and in view of other features of that society welcome some of the enactments greatly feared by Dicey. Professor O. Kahn-Freund in a chapter on labor law argues that Dicey misjudged some of the tendencies in the development of law and opinion. He assumed, for example, that the power of the unions joined to the popular franchise would lead inexorably to state intervention. But actually in their growing power the unions in Britain have not forsaken collective bargaining for legal enactment. They have not, for instance, insisted on the ratification of the ILO convention of 1919 on the 48-hour week. To the lawyer the main characteristic of British labor today is "its aversion to legislative intervention, its disinclination to rely on legal sanctions, its almost passionate belief in the autonomy of industrial forces." If Dicey were now alive he might not be consoled by some of these facts, but at any rate he would have to revise his predictions.

The contributors to this volume do not neglect general ideas. The first five chapters deal with them, and the others treat them in relation to policy. Mr. J. P. Plamenatz provides a shrewd assessment of the legacy of Philosophical Radicalism, which is very relevant to everything else since the utilitarians are the founding fathers of the modern British state. But the writers here are not concerned to demonstrate that important changes in law are derived from a sharply defined dialectic of thought. In an age of democracy and industrialism legislators are commonly dominated by a grand and pervasive expediency. Hence W. L. Burn finds that conservatives are often worried about being unable to preserve the integrity of their traditions, and G. D. H. Cole, an enthusiast for intellectual plans if ever there was one, has to confess that as a doctrine socialism today makes only a very limited appeal. Law-making in the twentieth century responds to a multiplicity of pressures and impulses within the society. It is not even always clear what public opinion in the customary sense of the term has to do with much current legislation for there is uncertainty as to what the public really wants. There are certainly no individual and commanding figures in thought, like Jeremy Bentham, to plot for it a desirable course and give it a lead.

The eight chapters on legal developments cover a vast territory of subject matter, and to them no adequate justice can be done in a brief review. A common note is the large rôle of associations and corporate bodies in the life and law of contemporary England. These chapters show that increasingly since Dicey's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

day associations have influenced the state and shared with it a partnership in exerting control over the society. On every hand close relations exist between organized interests and government departments. In finance the business corporations divide the spoils of modern production with the state. "Sharing of net profits," writes L. C. B. Gower, "used to be regarded as the hall-work of partnership; today the state gets the major share of distributed business profits and to that extent is already the senior partner in most firms." The law of associations, as Dennis Lloyd points out in a lucid chapter, has unfortunately not kept pace with the rôle of associations in the society. The livelihood of a worker may depend on his membership in a union, and he has scant protection if in its unfettered discretion the union decides to expel him. In the contemporary collectivist society the threat to individual freedom does not issue simply from the state.

The ghost of Dicey is present throughout most of these essays, and we may be sure it is a disturbed ghost.

ALEXANDER BRADY

UNIVERSITY OF TORONTO

The End of Empire. By JOHN STRACHEY. New York, Random House, 1960.—351 pp. $5.00.

The End of Empire is the second volume of a series entitled *Principles of Democratic Socialism.* The first volume, which appeared in 1956, recorded its author's sober second thoughts about the nature and the prospects of capitalism. As his service in several cabinet positions in postwar Labor Party cabinets demonstrated, Mr. Strachey has moved a long distance from the doctrinaire Marxism of his younger days. His 1933 volume, the *Coming Struggle for Power,* a favorite text of radical youth when it appeared, was something of an anthology of the fashionable Communist positions of the period: Social Democratic parties were traitors to the working class cause, a sound society was rising in Soviet Russia, and revolution in the capitalist world was both inevitable and imminent. Although, a generation later, *Contemporary Capitalism* betrayed more than a trace of nostalgia for the Marxist certainties of the author's youth, it represented basically an attempt to come to terms with the Keynesian revolution in economic thought and the unexpected evidence of viability in capitalism.

The relation between *Contemporary Capitalism* and *The End of Empire* is not obvious, although Mr. Strachey promises

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that it will become clearer as the series unfolds. But taken in its own terms, the present book is both interesting and odd. Its first one hundred and thirty-eight pages are an account of nineteenth century western adventures in imperialism, parochially centered on British activities in Egypt and India. As history these pages are only semi-professional. Not only does Mr. Strachey neglect French, Dutch, German, and American imperialism, but his record even of British imperialism uses almost exclusively old sources and neglects recent research. His explanation of how England acquired Egypt would have benefited from a reading of David Landes' *Bankers and Pashas*. Nevertheless, the Indian passages at least possess the charm which is the preserve of the descendants of the proconsuls for at strategic moments Mr. Strachey can always dip into the private letters and memoranda of some earlier, imperialist Strachey—an advantage usually denied to the most professional of American historians.

The remainder of the book centers on two large questions: will newer empires rise as the older French and English imperialisms flicker their last, and what proper national purpose can supplant imperialism in the countries now bereft of empire? In a manner dear to the hearts of left-wing Englishmen and somewhat infuriating to Americans, he makes the first question depend upon an assessment of the motives and institutions of the United States, Russia, and China, somewhat as though the possibilities were about the same for each one. Gravely he acquits—or nearly so—the United States of imperialist tendencies. On much flimsier reasoning, he similarly denies the likelihood of further imperialism on the part of the great communist powers. Throughout Mr. Strachey adheres to a rough definition which identifies imperialism with the political power of one national group over another, typically the domination of a well-organized national state over a less advanced political form.

On western lines at least, imperialism no longer pays. Moreover, as recent French experience expensively demonstrates, it is no longer possible to restrain the surging nationalism of the African and Asian peoples. What substitutes can the repentant imperialists embrace? Here Mr. Strachey enters the range of questions which from their different standpoints concerned C. A. R. Crosland in *The Future of Socialism* and the various authors of the recent *Life* symposium on American national objectives. In his own investigation of the topic, Mr. Strachey's twin guides prove to be the Galbraith of *The Affluent Society* and the Myrdal of *An International Economy* and *Rich Lands, Poor Lands*. He

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

heartily endorses Galbraith's indictment of American consumption practices and the American emphasis upon private production, entering only the saving reservation that after all Galbraith too is an American product. Possibly fortunately, Mr. Strachey does not appear to know that Galbraith is Canadian by birth and education. Without any reservation at all, he takes to his heart Myrdal's rather incomplete and decidedly arguable demonstration that poor lands tend to become poorer and rich ones richer, in the absence of concerted international effort to halt these twin tendencies.

Mr. Strachey's conclusions are not unexpected. The first is the inadequacy of private enrichment as the prime goal for democratic socialists. Such is the path of the selfish Belgian bourgeois or, worse, the American middle class. Even the wider diffusion of prosperity retains little challenge at a time when technology is so easy. But three goals rate higher marks. The first is the traditional socialist objective of true social equality. The second is the nineteenth century cure for all social ills, more and better education. The last, a contemporary favorite, is enormously expanded emphasis upon aid to the underdeveloped countries.

Full as it is of the interesting and the suggestive, this section contains nothing approaching systematic socialist theory. It may be precisely his inability to construct a new socialism out of the bits and pieces of Keynes, Galbraith, and Myrdal that makes Mr. Strachey still yearn noticeably for Marxism, award much higher marks to Marxist theory than strict objectivity suggests, treat Russia much more gently and the United States much more harshly than his own evidence should permit, and neglect the danger to the world of the first country and the hope, however flawed, of the second.

ROBERT LEKACHMAN

BARNARD COLLEGE

The Years of Challenge: The Commonwealth and the British Empire, 1945–1958. By DON TAYLOR. New York, Frederick A. Praeger, 1960.—255 pp. $4.50.

Mr. Don Taylor is a London journalist who edits *New Commonwealth,* a journal which prints articles on the various parts of the Commonwealth of Nations, and has traditionally provided an advertising medium for engineering firms and others concerned with public works and the like in the colonial territories. In this book his aim is to "detail the major events in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the years between 1945 and 1958 bearing on the development of the Commonwealth and the British Empire." It is a journalist's book, not a scholar's; unfortunately it suffers from many of the usual faults of the journalist's work and shows few of the virtues. It is written in a slipshod, melodramatic prose which descends with predictable frequency to a triteness and flatness which must be read to be believed. The chapter headings are like captions in old silent films ("The Gathering Clouds," "Turmoil in the East," "The Apparent Abyss," "The Hour of Trial" and so on). The sequence of events is treated scrappily, with occasional references to countries with which Mr. Taylor is unfamiliar, and frequent (and highly colored) references to those which he knows well. As an account of the way in which the Commonwealth of today has been shaped since the war the book is negligible, although it does give a hazy impression of the principal developments in British colonial policy.

Mr. Taylor's main fault is that, like most British writers on the Commonwealth, he cannot help claiming more for that institution than can possibly be justified. It is simply inviting ridicule to say that "the Commonwealth *was* the democratic answer to the Cominform" (p. 152) and that it "was, indeed, the only international organization in the non-Communist world" (p. 215). It shows very little knowledge of Asian affairs to assert that, in 1948, Commonwealth membership would have "helped to bring about internal peace" in Burma (p. 94). It is symptomatic of a romantic attachment to the Platonic form of a Commonwealth, rather than to the reality, that Mr. Taylor should say that, of the nations of the British Empire, only Burma and Eire have failed to become members of the Commonwealth (p. 241). This is to forget the Sudan, Jordan, Iraq, and Palestine, those former dependencies to which the Commonwealth pattern proved quite inapplicable, just as it has proved inapplicable to Somaliland since this book was written. In a similar fashion, Mr. Taylor over-emphasizes the importance in the lives of Commonwealth countries of that symbolic but highly defective mechanism, Imperial Preference: he calls it "the great trading link" (p. 152), which it was not; and he implies that the American Loan somehow impaired it (p. 28), which was not the case.

Indeed, it is symptomatic of Mr. Taylor's over-simplified view of the Commonwealth that the United States should be one of the villains of his book—not a principal villain (a rôle reserved for Russia), but a shifty, unshaven character in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

background. This causes him to neglect the frantic British search for American military help in Europe, and to give an account of the Suez business which leaves out much of the story so far as the United States is concerned. Although he has good words for Attlee and Nehru, his attitude towards the destiny of the Commonwealth, especially on the economic side, lines him up with the customary opinions of the *Daily Express*. It is no surprise to find him committing the gross error that the British Welfare State was somehow responsible for post-war difficulties in the balance of payments (pp. 56 and 150).

Mr. Taylor does know his way about the Colonial Office, however, and at times manages to give a coherent account of that department's operations. He is less familiar with the Commonwealth Relations Office and its clients (his occasional statements on Australia, New Zealand and Canada often being grotesque), although he does have much to say about Sir Roy Welensky, on whom he has written a separate book. But his besetting sin is enthusiasm for unrealities; it becomes hard to take even his factual statements seriously.

J. D. B. MILLER

UNIVERSITY OF LEICESTER

Some Problems of the Constitution. By GEOFFREY MARSHALL and GRAEME C. MOODIE. London, Hutchinson & Co., 1959. —200 pp. 21s.

What on earth *is* the British constitution? Should we simply regard it, following Bagehot among others, as the whole British machinery of government and all that relates to it—"British society in its political aspect"? Or does the concept refer only to some aspects of British political life—for example, to take another familiar tack, to those rules which govern in Britain what constitutional documents govern elsewhere: the basic procedures of government and representation and civil and political rights? Or does it refer only to especially venerable and sacrosanct rules? Or only to rules enforceable in the courts? Or not to "rules" of any sort, but to certain very broad principles? Or is there really no British constitution at all, as Paine contended in reply to Burke?

These are puzzling and venerable questions, and one of the distinctive merits of this little book is that it conveys from the outset a sense of mystery about them—perhaps because the authors have been sufficiently conditioned by linguistic analysis at Oxford to be instinctively mystified by any concept. Previously, I had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not read a single book on the British constitution the author of which was not perfectly sure that he knew exactly what he was talking about, nor any two which dealt with precisely the same subject. Dr. Marshall and Dr. Moodie at least help to explain why that should be so, and in conveying from the outset a sense of the elusiveness of the constitution bring it to life much better than most others.

They are much better at raising such questions than in answering them. Their own position simply and tactfully incorporates all the basic ways of defining the constitution: as a set of formal rules, as a series of general principles, or as the dominant British notions of legitimate authority. Like most other writers on the subject, they assert that the British constitution consists of a set of formal rules, just like other constitutions. When compelled to produce specific rules, however, they always justify those they select on the basis of dominant attitudes toward legitimate authority. And more often than not they formulate these attitudes not as specific rules but as general principles, like those of Dicey. The impression one gets is that they really think of the constitution as the basic normative elements of British "political culture," which is, in my opinion, the only sensible way to think of it; but they are sufficiently inhibited by the tradition of constitutional literature in Britain not to come right out and say so.

Essentially, what Marshall and Moodie try to do here is to bring Dicey up to date, by looking at the constitutional impact of major developments in British political life since his time—the advent of the full-grown modern party system, the social service state, the mass media and modern pressure groups—and by adding to Dicey's two principles of the constitution, the Supremacy of Parliament and the Rule of Law, two others: Ministerial Responsibility and the ———— of the People. The first speaks for itself. As to the second: the authors insist on the legal validity of referring to the People as part of the constitution, but are deliberately evasive about their precise rôle in it; the People simply share in whatever is done under the constitution, by whoever does it, in some nebulous way.

Most of the book, therefore, is about aspects of the principle of ministerial responsibility: in relation to the Crown, Parliament, the courts and the People. In regard to the Crown, the authors, traversing familiar ground, arrive at the familiar conclusion that the rise of the parties and the doctrine of "party responsibility" have almost completely deprived the Monarch of any discretionary powers in regard to ministries. Only the examination of the change of Prime Ministers in 1957 and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

references to some new work on the crisis of 1931 excuse the inclusion of this chapter. On the other relations, however, the authors are more enlightening. They deal convincingly, for example, with both the collective responsibility of the Government and the individual responsibility of ministers to Parliament in an age of iron party discipline, arguing not only the conventional theme that internal party conflicts rather than parliamentary decisions lead to the breakup of governments and resignation of ministers, but showing also that Parliament retains some important punitive powers over ministerial actions and, more important, that some of the powers once exercised by the House have now shifted to independent tribunals of inquiry. They also provide a most useful account of the rôle of the courts in regard to delegated legislation, hinging the discussion upon the fascinating case of 1954, in which a High Court injunction attempted to restrain the Home Secretary from submitting to the Queen's Assent in Council orders approved by both houses, on the ground that the orders were *ultra vires* in regard to the original statute. This case raised some very tricky questions: for example, whether anything done by Parliament could be *ultra vires* (the Speaker thought not); whether parliamentary omnipotence applied only to "enactments"; whether Parliament had really acted, legally speaking, before the royal assent; and, most basically, whether it was up to Parliament only or the courts as well to see to it that delegated legislation laid before Parliament was consistent with statutory provisions. Not only did this case raise legal questions; quite the most basic issue it posed was whether Parliament could really safeguard the statutes in an age of party discipline and almost automatic approval of ministerial decisions. The learned judge who held that the case was no matter for the courts was not, according to Mr. Michael Stewart, "acquainted with the operation of three-line Whips"; but, replied the Speaker, "I know nothing about Whips!"

Other chapters, impossible to summarize here, deal with the debate on ministers' powers since Dicey, with the relations between members, ministers and the People (especially questions of privilege and immunity), and, very briefly, with a number of miscellaneous "constitutional" questions of recent vintage, including, for example, the position of the office of Deputy Prime Minister, the problem of the "Overlords," and the impact on ministerial responsibility of security questions.

I wish the authors had spent more time on such questions, rather than retreading so much well-traveled ground, often adding nothing but the sort of linguistic disquisitions which are becoming the bane of British social science, like pseudo-scientific

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

jargon in America. This is certainly not, and was not intended to be, the definitive study of the constitution in the welfare state and party state, but it will be very useful to the man who finally writes it.

HARRY ECKSTEIN

PRINCETON UNIVERSITY

The Communist Party of the Soviet Union. By LEONARD SCHAPIRO. New York, Random House, 1960.—xiv, 631 pp. $7.50.

Mr. Schapiro has written an important book which meets a very real need. *The Communist Party of the Soviet Union* is the first full-size, carefully documented, and up-to-date study of this extraordinary institution written by a distinguished western scholar of non-communist persuasion. Born in Scotland, Mr. Schapiro spent his childhood in Russia, studied in England, practised at the Bar in London, and since 1955 has been reader in Russian government and politics in the London School of Economics and Political Science. His book was written under the auspices of the Research Program in the History of the Communist Party of the Soviet Union sponsored by the Ford Foundation. It traces the evolution of the party from its inception, that is the beginning of Russian Marxism in the late 1870's, to 1958. The actual scope of Mr. Schapiro's study is broader than suggested by its title: this is legitimate and indeed unavoidable because the Communist party of the USSR controls every manifestation of national life as well as foreign relations; in other words, everything that happens in Russia, and much that happens outside its boundaries, has a bearing on the history of the party.

Mr. Schapiro cannot, of course, encompass all the pertinent information within the confines of a single volume, even one of six hundred closely-printed pages. Nevertheless, the scope of his study is comprehensive and broad and it throws much light on the history of the party (in the narrow meaning of the term), its doctrine, structure, and its policies in relation to agriculture, industry, religion, the army, and foreign nations. Mr. Schapiro's detailed description of party agencies at every level and their close inter-dependence helps to comprehend, although it does not entirely explain, how a relatively small group of communists has succeeded in imposing and maintaining its rule over Russia's millions. He gives a telling account of the purges although, again, his explanation of confessions is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

neither new nor convincing. It may well be, as the author suggests, that the behavior in court of the accused men cannot be properly understood except by those who themselves have been through the mill of the NKVD police.

Mr. Schapiro does not share the attitude of worshipful admiration of Lenin of which, in the West, E. H. Carr is the most notable exponent. A thorough analysis of Lenin's policies and pronouncements leads Mr. Schapiro to the conclusion that the Soviet leader "attached more importance to the question of organization than to doctrine" and that his real concern was the seizure and retention of power; the methods by which this was achieved and the costs mattered little.

Mr. Schapiro's book provides a good example of the difficulties inherent in the study of Soviet developments. One is the nature of the events themselves. The dissensions and Talmudic strife within the party are not easy to follow and even Mr. Schapiro's lucid style and literary gifts fail to make them palatable to the uninitiated reader. This is particularly true of the introductory section dealing with pre-revolutionary developments. The second major difficulty is the paucity of sources. Mr. Schapiro knows Russian and the western languages and he has combed the libraries and archives of western Europe and the United States. Yet many essential points remain unclear and he is forced to rely on questionable sources and conjecture (a term he uses frequently) to interpret even the most vital events.

Two moments stand out in Mr. Schapiro's extraordinary story as fraught with incalculable consequences for the future of the party, Russia and—it must be reluctantly admitted—the world: Lenin's return to Petrograd in April, 1917 and Stalin's decision to embark on drastic industrialization in November, 1928. Both are good examples of the decisive influence in human affairs of what H. A. L. Fisher has once called "the contingent and the unforeseen."

Mr. Schapiro closes his study on a note of guarded optimism. After listing the measures enacted since Stalin's death to improve the conditions of the man-in-the-street, he notes that "the determination of the Party to retain its grip over the population remained as great as it had been before"; but he suggests that the younger men who will eventually succeed the present leaders may well prove less intransigent than their elders. This is a pleasing thought but its implementation would seem to be incompatible with the notion of world revolution which is the kernel of the communist creed.

MICHAEL T. FLORINSKY

COLUMBIA UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Communist China and Asia: Challenge to American Policy. By A. Doak Barnett. Published for the Council on Foreign Relations by Harper & Brothers, New York, 1960.—xi, 575 pp. $6.95; Text $5.25.

This book has a larger theme than its title suggests. It is really about the relations of China and the world. China is now playing an active intruding part in the affairs of the West. Its interventions over Poland, Hungary and Yugoslavia between 1956 and 1958 were historic events because this was the first time that an Asian power had intervened in Europe since the decay of the Ottoman Empire. Some people have recalled a little uneasily that Nostradamus predicted the destruction of Paris by yellow men. Mr. Doak Barnett's book is necessarily long, and is the product of a great deal of research. The bibliography is very extensive, and it is not a back-handed compliment to say that it is one of the most useful parts of the book. The reader who is anxious at any time to look up some particular phase of China's foreign policy will turn to it to find what he should read. Similarly an appendix on the relations of Peking and the Communist parties of the rest of Asia will prove helpful.

If there is one principal defect in the book it is its failure to accent sufficiently the contrast between the period from 1954 to late 1957 when China seemed to wish to relax tension between itself and its neighbors, and the period of the strong forward-moving policies afterwards. The reasons for change and how far it was due to the ups and downs in the career of Chou En-lai have never been made plain. Prima facie, plausibility seems to be on the side of those who say that China was making so much progress in the building of prestige during the first period that it was a great error to pass on to the second period; and that such an error could be explained only by the partial loss of power by Chou En-lai, who without any doubt is the most subtle and intelligent of those who have operated Chinese foreign policy. Chou ceased to be foreign minister in 1957, while remaining prime minister, and it was supposed at first that the change was made in order to relieve him of some of his arduous duties, and that he still, as prime minister, retained ultimate control of foreign policy. This was probably wrong. Probably for a time Chou was in a very awkward position, even though he was never named during the purge of the Rightists, and though it was not even hinted that he was a heretic. In his long career, Chou has veered about in what afterwards proved very vulnerable positions in the Chinese Communist party, and always survived by his skill in bending to the current wind.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The price which he may have paid on this occasion was to allow the making of foreign policy to pass for a few years into hands cruder than his own.

Mr. Doak Barnett is comprehensive about Sino-Russian relations, and says nothing which is open to much criticism. The recent public controversy between Peking and Moscow about whether war with "imperialism" is inevitable had not happened when the book was finished, but it has not falsified anything which Mr. Barnett had written. He says too little about the reaction in free Asia to China's oppressiveness in Tibet, about the nibbling of India's frontier, and about the attacks by Peking upon Mr. Jawaharlal Nehru. At the moment China's attention seems to be about to be called to Africa by a kind of gravitational pull. In the events there it probably sees the beginning of a new upsurge by the "peoples" against "imperialism," and it may conclude that the world is entering on a new phase of revolution which it will wish to exploit. Russia may be more cautious, and this may put new strains on the Sino-Soviet alliance. Mr. Barnett does not once mention Algeria in his book. Perhaps that was a lack of prevision. But then he is a historian, and the most that can be asked of a historian is to be up-to-date. He cannot be expected to be clairvoyant.

GUY WINT

ST. ANTONY'S COLLEGE
OXFORD UNIVERSITY

Metropolis and Region. By OTIS DUDLEY DUNCAN, WILLIAM RICHARD SCOTT, STANLEY LIEBERSON, BEVERLY DAVIS DUNCAN, HAL H. WINSBOROUGH. Published for Resources for the Future, Inc., by The Johns Hopkins Press, Baltimore, 1960.—xviii, 587 pp. $8.50.

Duncan and his co-authors have prepared a work of lasting value for the student of urban affairs. With the "metropolitan problem" in current vogue, the authors remind us that quite some time ago, when the word metropolitan was most often associated by the public with an opera house or life insurance company, a handful of scholars were already searching for answers to the questions: What is a metropolis? How does one metropolis differ from another? Are these differences sufficiently regular to support a general theory of urban structure and function?

The book sets three objectives. The first is to collect and summarize leading hypotheses on the nature of metropolitan

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

centers and regions. The authors assume the reader to be acquainted with the contributions of von Thünen, Sombart, Lösch, the Chicago ecologists (with whom Duncan is identified), Gras, Vining, Isard, and many others. As a consequence, the summaries are quite brief, sometimes not more than a few sentences. Nevertheless, the result is a useful, and hitherto lacking, source book on urban theory.

The second and more important objective is to test theories (and related systems of urban classification) against fact. In performing these tests, the authors have resourcefully assembled and skillfully analyzed large masses of economic data, mainly those obtained in the censuses of population and business during the post-war period, but other material as well, notably the Federal Reserve survey of the geographical origin and destination of bank loans (Chapter V).

The third objective is a statistical cross-section of the economic characteristics of the nation's chief metropolitan areas and regions. In addition to the quantitative material presented in conjunction with the aforementioned tests of theory, the authors devote a section of nearly 300 pages (Part IV) to economic profiles of 50 metropolitan areas—capsule descriptions of each area's key industries and other distinctive features. These profiles add considerably to the volume's value as a handy reference.

The principal conclusion which emerges from this highly inductive study is that none of the existing theories of methodological approaches can claim clear-cut superiority over all the others. If there is a "grand design" in urban and regional economic activity, a close search of significant bodies of statistics does not reveal it. This finding is disappointing but not altogether surprising. For one, the authors restrict their analyses almost entirely to cross-sectional data. An inherent weakness in such data, as the authors recognize, is that they frequently mask evolutionary transformations in urban activity. Extremely costly and long-lived investments in buildings and fixed installations bring about a lagging pattern of adaptation, not readily observable in data which refer to a single point in time. Because of the immobility of resources, much of the economic activity in any area is determined by history and accident as much as by geographic or economic "laws." Thus, Pittsburgh's status as a prominent financial center owes more, perhaps, to its adoption as home and headquarters by a few wealthy families than to its size, location, or industrial mix. Likewise, if New York has more manufacturing than perhaps a national financial and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

commercial center should have, one reason is because the area served as a port of entry for the immigrants who built its apparel industry; another reason is the large inventory of inexpensive loft space which was built for industries long departed but which still serves the needs of new and small manufacturers who are less concerned with an efficient flow of materials than with the size of the rent bill. Finally, the empirical validation of abstract theories or models of urban location is almost always frustrated by deficiencies in existing data. The standard industrial classifications in use help identify the salient physical properties of urban products, but we actually know little about their economic characteristics, the location of markets and sources of supply, and how producers strike a balance between rent, transport costs, production costs and sales potential—knowledge which is critical to an understanding of why given establishments settle at a given place.

Everyone who has tried to communicate analyses based on huge chunks of statistics will recognize this as an exceptionally well-written book, though by no means intended for the casual reader. The specialist will come across many penetrating and wise remarks, if few startlingly novel insights, into the workings of the urban economy. However, a number of almost self-evident propositions receive new and more detailed empirical backing, for example, that financial capitals have much wider lending areas than other cities and that the industrial structure of an urban area is related to its size.

LOUIS WINNICK

NEW YORK, N. Y.

The Politics of Mass Society. By WILLIAM KORNHAUSER. Glencoe, The Free Press, 1959.—256 pp. $5.00.

Much of the melancholic literature concerned with the preservation of constitutional politics in the face of trends in the structure and values of contemporary society suffers from a want of sharp distinctions. The special merit of Professor Kornhauser's challenging and highly readable book is that it builds upon a set of analytical discriminations that permit coming to grips with the problem of mass society without lapsing into misguided complacency or embracing a more beguiling romantic pessimism. His argument, the heart of which is contained in the first four of the book's thirteen chapters, starts from the view that modern society is not equivalent to mass society, in the sense of one

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

characterized by "large numbers of people who are not integrated into any broad social groupings," but rather is "especially likely to develop properties of mass society, unless strong counter-tendencies exist."

Professor Kornhauser identifies two theories of mass society. One, the "aristocratic" critique, sees the chief threat to individual freedom and constitutionalism in the eclipse of authority, in easily entered and influenced élites exposed to the demands of mass movements. It can be illustrated by Ortega, Mannheim, Lippmann and others. The other, the "democratic" version, sees the threat rather in the loss of community and the threat to liberty from the exposure of alienated masses to manipulation by élites, a view perhaps best expressed by Hannah Arendt. Kornhauser argues that only in combination do these two views provide a satisfactory theory of mass society, a social system in which élites are directly exposed to the moods and demands of non-élites and the latter are readily available for mobilization and manipulation by élites. The crucial countertendencies are provided by autonomous intervening groups capable of relating both institutional, especially governmental, élites and non-élites to the society. Their absence or debility is associated with the uniform but fluid norms of mass culture, which leaves élites and non-élites unprotected and incapable of self-direction, producing at all levels of the society the mass man, characteristically alienated and psychologically vulnerable to the appeal of mass movements.

Building on this theory in his remaining chapters, Kornhauser looks into the social conditions fostering antidemocratic mass movements and into the types of persons in all social strata who are most readily recruited into such movements. The former he finds in major discontinuities in social process which weaken the structure intermediate between the individual and the state, whether in "developed" or "underdeveloped" societies, especially the *rate* of population movement associated with urbanization, the *rate* of large-scale industrialization, and the severity of crisis associated with depression and war. The ready recruit for mass movements is, he argues, the man with fewest social ties, whatever his class in society. Granting the generally greater susceptibility of the lower social strata, he examines analytically and historically the vulnerability of the institutionally unaffiliated intellectual, the marginal middle-class man, and the isolated worker.

If one were to quarrel with Kornhauser, the ground would be his reluctance to complicate his model in order to deal with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

particular historical situations. Thus one may doubt whether the "marginal" character of "new" big business adequately accounts for the instances of German business support of Hitler (pp. 197-201). One suspects that he needs to supplement his categories with some that relate more explicitly to business, and especially German business, as an institution and to the relations between government and the large corporation before he can adequately account for such specialized events. This would be a minor objection, however. Kornhauser has produced a significant synthesis of an enormous amount of literature. The freshness of his distinctions and of the resulting theory, moreover, will be valuable in the analysis of a wide range of societies, for his propositions both invite and permit empirical testing and elaboraton. These are very considerable achievements.

DAVID B. TRUMAN

COLUMBIA UNIVERSITY

The American Voter. By ANGUS CAMPBELL, PHILIP E. CONVERSE, WARREN E. MILLER and DONALD E. STOKES. New York, John Wiley and Sons, Inc., 1960.—viii, 573 pp. $8.50.

Until the publication of this book, much voting behavior research could be set aside by the political historian or theorist on the ground that it was limited to one election or locale, revealed more about social relations in general than about politics in particular, or simply elaborated the obvious. Such is no longer the case. *The American Voter,* the latest work of the University of Michigan Survey Research Center, is indispensable reading for scholars who wish to make statements about the American party system, representative government, mass ideologies, the prerequisites of political democracy, the rôle of social classes in politics, political psychology and the like. Based on nationwide surveys of large samples in 1952 and 1956 and smaller samples in 1948, 1954 and 1958, this study employs sophisticated theory, rigorous logic and imaginative techniques to explore the American political mind.

The findings are held together by a central metaphor, the "funnel of causality." The axis of the funnel represents a time dimension. At the narrow end are located the immediate determinants of the vote—the voters' attitudes toward the parties and candidates. Moving back along the axis, one encounters progressively broader and more remote factors—such as party identification, membership in social groups and categories, popu-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lation movement and personality. The emphasis throughout is on the political aspects of the factor being examined.

Voter attitudes toward the parties as managers of government (the "corruption" issue), issues of foreign policy ("Korea") and attitudes toward Eisenhower were the important immediate determinants in 1952. But Eisenhower's appeal, the authors suggest, "already strongly personal in 1952, became overwhelmingly so in 1956." Stevenson, on the other hand, made little impression as a personality and despite his many speeches on foreign affairs, simply did not get this concern across to the public.

Even in the Eisenhower era, however, the identification of voters with their political parties had a most powerful impact on their reading of current events. Attitudes on a wide range of issues follow with unbroken consistency a scale of party identification from strong Democrats through Independents to strong Republicans. Furthermore, the impact of the party symbol appears to be equally strong for those who are little interested in politics and for the highly involved. Party loyalties formed in the Depression—but left largely intact by two wars—persist even for those who repeatedly vote for the candidate of the other party. The familiar notion of the informed, active Independent is contradicted by the evidence, as is the idea that the Democrats will necessarily profit from a large turnout.

Political analysts accustomed to discussing the electorate in terms of a liberal-conservative dimension should note that there were fewer than 12 per cent of the SRC sample "whose evaluations of the candidates and parties have any suggestion of the abstract conception one would associate with ideology." The great majority of voters make such evaluations on the basis of concrete, short-term group interests, the general "goodness" or "badness" of the times, or without any reference whatever to issues. In a brilliant chapter, the authors examine these different "levels of conceptualization" and relate them to differences in involvement and education. They conclude that in the 1952–1956 period "people who paid little attention to politics were contributing very disproportionately to partisan change." Personality factors, particularly as measured by "authoritarianism" items, do a poor job of predicting partisan choice or political attitudes. (The validity of all surveys using F-scale items is seriously challenged by the evidence.) But a "sense of personal effectiveness" is closely related to turnout and political involvement, especially among the less educated.

The political preferences of self-conscious social groupings are illuminated through comparison with control groups matched

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for a large number of demographic variables. For example, once these controls are introduced, Catholics as such are found to be only slightly (2.9%) more Democratic than their non-Catholic counterparts, but shift strongly to support known Catholic candidates. The correlation of class variables with the vote is greatest among the informed and aware, but shows a general decline historically. Geographic population movements (particularly of high status Republicans out of, and low status Republicans into, the cities) have helped to erode class voting. Moving to the suburbs does not, in itself, make Republicans of Democratic urbanites.

Other chapters help to explain the effects of formal election laws on voting, the erratic nature of the farm vote, and the economic antecedents of political behavior. A concluding section develops a theory of types of elections ("maintaining," "deviating," and "realigning") and hypothesizes that "the party division of the popular vote is most likely to be changed by a negative reaction to the record of the party in power." The weight of the evidence indicates that the elections of 1952 and 1956 did not represent a basic realignment of the party balance.

Several of the defects of this book spring from space limitations. Questionnaires and sampling information are omitted. Little reference is made to other voting studies. Hypotheses are not always stated in clear form. Perhaps some of the space devoted to pleading the importance of the subject and to cautious caveats could have been better used for such purposes.

This work abounds with enticing possibilities for further research. Which really comes first, the "attitude" or the voting decision? Are these findings peculiarly American? Or even peculiarly democratic? The broader implications need to be explored; the connections among factors need to be pinned down by techniques more intimate and deeper than the sample survey. *The American Voter* provides a base to build on.

JAMES D. BARBER

YALE UNIVERSITY

The Politics of National Party Conventions. By PAUL T. DAVID, RALPH M. GOLDMAN and RICHARD C. BAIN. Washington, The Brookings Institution, 1960.—xv, 592 pp. $10.00.

For most of our history the principal accounts of what goes on at the quadrennial extravaganza which selects the American president were contributed by journalists and retired politicians, and the most pertinent generalization from them seemed to be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the maxim quoted by Ostrogorski that "God looks after drunkards, little children and the United States of America." Then in 1952 a study sponsored by the American Political Science Association sent a couple of platoons of scholars into the national conventions to find out what went on in the individual state delegations. Lightly financed, inadequately planned, and methodologically naïve, the study nevertheless resulted in a five-volume work by Paul T. David, Malcolm Moos, and Ralph Goldman titled *Presidential Nominating Politics in 1952.*

The important thing, it turns out, was that a start had been made. Several articles and books based on the 1952 investigation already have appeared and three books, like this one sponsored by the Brookings Institution, are to be published soon. This massive volume, the work of two of the original authors and Richard C. Bain, surely is the most ambitious and successful general study of the national party conventions so far published.

The authors properly make use of all available data whatever their nature, and subject them to as much quantification as they will bear. This includes, among other things, a historical survey of the origin and development of the convention system, the patterns of nominations, and the characteristics of candidates. The leadership centers of the party in power and the party out of power are assessed, as are the primaries and other systems for mandating delegates to the convention. The mechanics of the convention and strategies of candidate management are described. The authors make the best use they can of whatever material they can find (including, for example, the senior Arthur Schlesinger's informal presidential rating poll of 55 of his historian colleagues in 1945).

The most important and frequently used source of information, however, is the study of the 1952 conventions. This is the basis for a description of the behavior of the delegations in making decisions on vital issues confronting their convention. This surely is one of the crucial areas of convention research, and here the weaknesses of the 1952 study are most damaging. The lack of a systematic, structured inquiry designed to elicit the same information in the same way from each delegation makes it almost impossible to generalize from four volumes of data. On so simple but important a question as when and where the first delegation meeting was held, for instance, there is no information on fifteen Republican and thirteen Democratic delegations. It is necessary therefore to resort to illustrations to carry much of the analysis.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This nevertheless is, in my opinion, the most original and interesting section of the book. It makes clear that while the individual delegate is not very important the delegation is; there is a surprising amount of meeting, debate, informal poll-taking and uncontrolled decision-making among the uncommitted delegations. Many case studies of state delegations undoubtedly will be inspired by these observations and insights.

In a book of this kind the authors obviously are limited by the state of present research. One broad gap in convention research is in regard to the behavior of the people loosely labeled "the leadership". What went on behind the scenes in 1956, for instance, which turned the explosive civil rights struggle at the Democratic meeting into a carefully staged and controlled House of Representatives-style debate? And what happened in the platform committee which kept the crucial plank hidden until the last practical moment? Questions of this sort are not raised here because they must wait on original research, the character of which it would be hard even to guess at now.

If the 1952 investigation is remembered primarily—as I think it will be—for the work it set in motion, this book will weigh heavily in its favor. It is a solid scholarly achievement of which its authors and the Brookings Institution can be justifiably proud.

RALPH K. HUITT

UNIVERSITY OF WISCONSIN

Presidential Power: The Politics of Leadership. By RICHARD E. NEUSTADT. New York and London, John Wiley & Sons, Inc., 1960.—xiv, 224 pp. $5.95.

The business of an American President, as Jefferson pointed out long ago, is leadership: "Aided by the counsels of a cabinet of heads of departments, . . . he has the benefit of their wisdom and information, brings their views to one centre, and produces an unity of action and direction in all the branches of the government." A President who neglects this business, who fritters away his time in ceremonies, state visits, or the inferior concerns of his office, converts the single executive of our Constitution into a sort of Directory, discordant and practically irresponsible. The independent heads of departments will pull in different, perhaps opposite, directions, and Congress, unguided, will confound confusion.

It is not enough that the President decide the course to be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pursued; he must keep the government steadily in it; unity of object must be accompanied by unity of action. But how does even the most decisive man take care that his policies are faithfully executed? That is the question that faces every President. It is the question that Professor Neustadt examines and answers in this interesting and informative book. Truman stated it in 1952 with reference to his successor: "He'll sit here and he'll say, Do this! Do that! and nothing will happen. Poor Ike—it won't be a bit like the Army. He'll find it very frustrating."

The difficulty is inherent in the structure of our government. The President is not a despot, elective or otherwise. He must deal with Congress and the governors of states, to say nothing of the heads of foreign Powers; with them he must deal by persuasion. Even with respect to his own aides he is not an absolute monarch. The great officers of state are not the servile minions of authority; they are men of weight, talent and influence, hardly to be distinguished in these characteristics from the President himself. The threat of dismissal is not lightly to be used against them. They too must be persuaded—persuaded, as Professor Neustadt says, to do on their own responsibility what the President wants done.

Persuasion in the hard world of politics means bargaining. The President is in a favored position. To charm and logic he adds status and authority. But he must know and be willing to use his weapons; more important he must never allow them to rust. Any President can, and probably will, make his will felt in an extreme case, but if the machinery of government is to be kept in a steady movement, extreme cases should be prevented. The removal of General MacArthur, the seizure of the steel mills, and the sending of troops to keep a few children in school were all exercises of power that might have been avoided, if the President had been more skilful, more practiced, a greater expert in the business of the presidency.

Professor Neustadt illustrates his views with case studies derived from the Truman and Eisenhower administrations. That is what makes the book so readable. But he is concerned with general truths. Particular victories or defeats are not of prime importance. What matters most are the expectations aroused by the President's ordinary conduct of his office. Day in, day out, he must attend to two things: his professional reputation and his public prestige. If those who must execute or defeat his orders are satisfied that he will use his powers in aid of his views and that the public will support him, the chances are that he will get his way; otherwise, nothing is more certain than that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the government will be parceled out and proceed, if at all, by jerks and spasms.

The President needs help, said the Brownlow Committee in Roosevelt's time. Professor Neustadt makes it clear that the only help really useful to him is the help that he gives himself. The burden of the presidency—the real burden—cannot be lightened. If we are to get along in the world of today and tomorrow, we must choose a man strong enough, willing enough, skilful enough to bear it.

LUCIUS WILMERDING, JR.

PRINCETON, N. J.

The Truman-McArthur Controversy and the Korean War. By JOHN W. SPANIER. Cambridge, Harvard University Press, 1959. —xii, 311 pp. $6.50.

On the theory that "Korea may well be the model of future wars," in this illuminating study, John W. Spanier seeks to "analyze the problems of civil-military relations during a limited war." Thorough, incisive, and lucidly written, his investigation successfully guides policy makers and informed students of American foreign policy alike to a deeper understanding of the challenge posed by Korea-type conflicts. The treatment is chronological; a more analytical and imaginative approach might have reduced somewhat the tedious details and repetitiousness that sometimes mar the book. Mr. Spanier presents very few new facts, although he does remind the reader of little-known or too often forgotten old ones. For example, General MacArthur's fallibility about such matters as the likelihood of a Communist attack upon South Korea and his well-nigh disastrous failure to anticipate Red Chinese intervention were sufficient to make his superiors in Washington hesitant about accepting his confident assurances that Soviet Russia would not enter a war that had been "expanded" to the Chinese mainland.

Confusion and uncertainty, however, were also exhibited by high-ranking executive officials at home. For instance, in stating America's "war aims," the Truman Administration and its spokesmen oscillated (depending upon the military situation in Korea) between repelling aggression and restoring the *status quo,* belatedly unifying Korea politically, and establishing some kind of a new balance of power in the Orient by (at least in MacArthur's view) dealing decisively with Red China.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In his introductory and concluding chapters, Mr. Spanier relates the Korean controversy to the broader problem of the rôle of military power in achieving foreign policy ends. He accuses both civilian policy makers and military commanders in Korea of forgetting Clausewitz—the former, because they possessed no consistent or clear conception of why the nation was fighting and of how the use of military power ought to achieve these purposes; the latter, because they tended to think that such questions as extending the war to Red China were purely "military decisions" that could be resolved without reference to the nation's global policy goals. Added to these obstacles to an effective policy in Korea are other problems highlighted by Mr. Spanier's study: friction between the White House and Capitol Hill, partisan disputes, divided councils within the executive branch, the embroilment of military leaders in political disputes, the inability or unwillingness of civilian policy makers to establish clear and firm leadership. Mr. Spanier, in company with a growing circle of commentators on American foreign policy, argues forcefully that established constitutional patterns and governmental processes—but, most fundamentally perhaps, the ingrained habits of mind displayed by the American society in dealing with international disputes—must undergo major alterations if the nation is to cope with challenges posed by limited war.

If the author's analysis is provocative, it is at times highly conjectural and is, in a few instances, inadequately documented. It is, for example, open to serious question whether the Truman Administration *ever* believed there was a realistic possibility Red China would become embroiled in serious conflict with Soviet Russia. Nor is the reader likely to accept as authoritative Mr. Spanier's speculations about the conditions under which Red China would or would not enter the war. And when he asserts that President Truman's decision to intervene in Korea was constitutionally illegal, he overlooks an impressive body of precedent supporting the President's use of troops without a declaration of war. His treatment of the subject of bipartisanship toward Asian affairs reflects a tendency to accept uncritically the views of even so well-informed a source as Senator Arthur H. Vandenberg. But these are minor faults which do not detract substantially from this valuable addition to the literature seeking to bring established government practices and thought patterns into harmony with contemporary and future realities in American foreign relations.

Cecil V. Crabb, Jr.

Vassar College

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The President's Cabinet: An Analysis in the Period from Wilson to Eisenhower. By RICHARD F. FENNO, JR. Cambridge, Harvard University Press, 1959.—xii, 327 pp. $5.50.

This analysis of the American Cabinet is the first serious study ever made of the actual nature of our Cabinet and of its visible activities and limitations. The Cabinet well deserves such a study because it is the least understood of the enduring, extra-constitutional structures in our central governmental system. In the past, there have been many efforts by political scientists to describe and even to rebuild the American Cabinet along the model (true or false) of the British Cabinet—an undertaking exceeded, of course, by the energies devoted to the restructuring of our political parties in some version of the British image. But while there is a mass of serious scholarly work about the actual nature and operation of our parties, Fenno's is the first systematic description and analysis of our Cabinet in operation.

The Cabinet, Fenno finds, however extralegal, is not a mere phantasm, for the simple reason that an organization, even a committee, composed of a selected group of government officers meeting regularly (or at the very least frequently), in consultation with the President, cannot avoid having some degree of institutional existence. The absence of any constitutional or statutory foundation makes no difference, for the custom is too deeply entrenched; any President can add new faces to those who attend Cabinet meetings, but the authorized presence of the "authentic" secretaries is sacrosanct. And the honor of the title "Mr. Secretary" is cherished by almost all its officeholders, and indeed is regarded rather naïvely by many as a symbol of power. Thus, in the abstract, one could almost expect the Cabinet to overpower or seriously confine the President. Yet any shrewd President can protect himself by the simple device of controlling cabinet meetings. It is he who can determine the agenda and thereby prevent the intrusion of embarrassingly important topics; he alone can cut off or extend discussion. And only the President can name the dates of the meetings. Whatever institutional power the Cabinet as a body possesses exists by presidential grace; for, unlike its constituent members, it has no structural underpinning and no independent source of political power.

Analysis of the Cabinet properly goes far beyond such general considerations. Thus Fenno's book is primarily devoted to three

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

main topics: The Appointment Process; Cabinet Meetings; The Cabinet and Politics.

The Appointment Process, that is, the President's motivations in making his appointments, is not unfamiliar; but Fenno's careful sifting of the events of the last half-century shows how contradictory many of our accepted traditions prove to be when they are laid side by side and then dissected. Can any man be simultaneously a Western Taft-Republican, a prominent politician, an effective public administrator, an excellent member of a "team," and a sensitively loyal and intimate friend of President Eisenhower? To find one such man would be a miracle. The belief that one could find ten would transcend one's faith in the supernatural.

As for cabinet meetings, Fenno has assembled a mass of material ranging from Wilson to Eisenhower. He concludes that the essential function of the meeting should be and usually is to provide the President with what he wants: be it a sounding board, an hour of story-telling, a device for snapping up unconsidered trifles, or an elegant reproduction of a general's staff meeting, replete with secretariat, chief-of-staff, position papers and all the other paraphernalia. The persistence of cabinet meetings throughout the generations is the consequence of the fact that their style is not frozen. Each President can make the meetings suit and serve his own needs.

Fenno's chapters on the "Cabinet and Politics" are, as he himself indirectly suggests, more accurately describable as "Cabinet members and politics." Their public prestige, their influence with the party, and more importantly with Congress, and their deeds as administrators receive neither help nor control from their membership in a collectivity. "The Cabinet as a collectivity has only a symbolic value, a value which readily disappears when the need for action supersedes the need for a show window." And with this wise observation in mind, Mr. Fenno discusses the rôle of these particular presidential appointees in the context of our profoundly pluralistic political and governmental system, where each man is on his own, torn by his necessarily divergent relations with the President, with fragments of Congress, with *his* public, and *his* clientele and with his own department. In this light, mythical models of ideal cabinets fade away.

HAROLD STEIN

PRINCETON UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Parties and Politics in America. By CLINTON ROSSITER. Ithaca, Cornell University Press, 1960.—205 pp. $2.85.

In his introductory chapter, Rossiter says (p. 2), "This little book is an introduction to the politics of American democracy—and to the two amazing parties that hold sway over it—that draws heavily on the present stock of certainty." Thus there is little that is new or startling in the book. Nevertheless, it makes absorbing reading.

It holds the reader's attention because it is a well written and largely successful attempt to make sense out of the scattered research findings in the field of political parties and political behavior. More importantly, the student of politics who quails at the sight of a table or a scatter diagram will not be intimidated by the book. Nevertheless, he should leave it with a good general knowledge of the end product of those who have labored over calculating machines.

Rossiter is at his best in describing the Democratic and Republican parties and delineating the features which distinguish them. The Republicans, he says colorfully, "look upon [the Democratic party] as a vehicle of demogoguery, radicalism, plunder, socialism, unsound economics, bossism, corruption, subversion, and ill repute" (p. 111). The Democrats, on the other hand, feel that "the Republican party with which they have to contend is a pompous, superpatriotic, self-centered, hypocritical band of hard-minded men with a unique penchant for serving themselves while insisting they are serving all America" (p. 116).

Rossiter is persuasive so long as he remains within "the present stock of certainty." But, in my opinion, he is weak when he projects from the certain and the here and now. I say that he is weak not simply because I disagree with what he says, but also and primarily because I believe he is inconsistent and overly cautious.

Rossiter's basic position seems to be that the American party system, though not perfect, is ideally suited or "designed prescriptively to serve the purpose of *this* people under the terms of *this* constitution" (p. 65). He applauds "the lack of ideological or programmatic commitment in both the front and rear ranks of the two major parties" (p. 11). For example, in discussing the functions of American parties he states: "The parties, too, have played their part in smothering the conflict [of social and economic classes] . . . . Perhaps the class struggle in all its vigor and viciousness would never have come to tyrannize over America, yet there is no doubt that it has been kept even more safely at bay by the peculiar workings of our two-party system" (p. 57).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

And Rossiter not only believes that the American party system worked well in the past and is satisfying our present needs, but that it will continue to "serve us well" in the foreseeable future (p. 186).

I disagree in part with Rossiter on his assessment of the past and present performances of American political parties. And on the basis of observable signs of change in the midwest, particularly in Michigan, Minnesota, and Wisconsin, I take exception to his "safe and sane" projection of the existing party patterns into the foreseeable future. Finally, I am not certain that he entirely subscribes to his own thesis, because he also expresses contradictory opinions and notes contradictory trends. For example, at one point he says:

> The Democratic Party has never been content with less than two centers of gravity, but surely the one with the strongest pull today is organized labor. In many parts of the country it is more correct than misleading to describe the Democrats as a labor party, and in large parts of one state at least, Governor Williams' Michigan, the bureaucracy of union labor has taken over the functions of the party organization (pp. 94–95).

But my criticisms are mainly matters of opinion. As Rossiter points out, it is the realm of opinion that helps keep politics interesting. It also elevates a book review from a dry exercise in reciting banalities to an enjoyable interlude in the day's work. The book is excellent. It was fun to read, and was also stimulating and thought-provoking. I fully intend to use it in my political parties courses.

JOHN H. FENTON

UNIVERSITY OF MASSACHUSETTS

Crisis of the House Divided: An Interpretation of the Issues in the Lincoln-Douglas Debates. By HARRY V. JAFFA. New York, Doubleday & Co., 1959.—451 pp. $6.50.

This is an ambitious book. Mr. Jaffa offers it to us not only as the first volume of a two-part study of Lincoln's political philosophy, but also as a full-scale attack upon modern historical judgments concerning Lincoln and the coming of the Civil War. Such large purposes cannot fail to attract the attention of those who have an interest in the historiography of the Civil War.

Although American folklore has always invested the Lincoln-Douglas debates with dramatic significance and has made Lincoln into a frontier Socrates who is supposed to have brought about the downfall of a high-flying Douglas with a certain famous question, modern historical scholarship has tended to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

disparage the literary and dialectical qualities of the Lincoln-Douglas debates. Mr. Jaffa makes no effort to defend the literary qualities of what were, after all, campaign speeches, but he demonstrates with considerable skill that the debates were an intellectual and moral contest of the highest order which we are likely to find in hustings of American democratic politics.

To accomplish this task, Mr. Jaffa is forced to do battle with the "revisionist" school of Civil War historians. After all, James G. Randall, who was a foremost academic authority on Lincoln and self-consciously revisionist in his historiographical purposes, argues that Lincoln's point of difference with Douglas about slavery in the territories was a "talking point rather than a matter for governmental action, a campaign appeal rather than a guide for legislation." If Lincoln's opposition to Douglas was a mere "talking point" then the inference is almost inescapable that Lincoln opposed Douglas only to further his own political ambitions and in so doing helped to whip up the crisis that produced a "needless war". Mr. Jaffa attacks Randall's historical judgment with obvious relish and in the four hundred pages of his work he also tilts at the interpretations of George Fort Milton, Allan Nevins, Charles W. Ramsdell and Richard Hofstadter.

Mr. Jaffa's method of reconstructing the essential reality of "the crisis of the house divided" is an interesting one. Lincoln's political principles are analyzed in depth by relating the statements in the Lincoln-Douglas debate to the more philosophic speeches of his early Whig period. The chapters analyzing Lincoln's earlier Lyceum and Temperance addresses would be valuable to any student of American social mythology even if he chooses not to accept the main thesis of this book. Mr. Jaffa, however, treats these early speeches as evidence of Lincoln's precocity as a political thinker and as a preparation for the leadership he was destined to assume.

The conclusions that emerge from this method of analysis are many and provocative. Lincoln's political philosophy emphasized the necessity of a political religion in a free popular government. In America, the Declaration of Independence expresses the great truths of our political religion. The central truth of the Declaration, Lincoln believed, is the doctrine of the equality of all men. Douglas, on the other hand, maintained that the essence of free government lies in the power of decision by free men and in the assumed competence of the people to decide all questions including those of right and wrong. Lincoln, however, understood that there must always be a tension

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

between the two key principles of the Declaration of Independence—the equality of all men, and the consent of the governed. Popular sovereignty, he believed, is not a sufficient rule for free government; the people must have the "moral restraint" of a political religion. In the case of America, this meant a belief in equality and a recognition by the people of the necessity of making their political decisions move in the direction of greater equality for all men.

It is Lincoln's recognition of this tension between equality and consent that Mr. Jaffa uses to defend Lincoln against charges of political trimming concerning the rights of free Negroes which have been stated with great sharpness in Hofstadter's essay on Lincoln in *The American Political Tradition.* Lincoln was not a utopian. He realized that the struggle for equality must always come to terms with the actual conditions of human imperfection, ignorance and fallibility.

At another, less abstract, level, Mr. Jaffa seeks also to refute the revisionist thesis that popular sovereignty would have produced freedom in the territories without provoking a sectional crisis. He reminds us that the work of Kenneth Stampp and the recent monograph of Professors Conrad and Meyer should lead historians to develop a much more skeptical attitude about the theory of the "natural limits of slavery." Moreover, Mr. Jaffa develops a very persuasive case for the legitimacy of Lincoln's fears concerning the further expansion of slavery by a very interesting analysis of Douglas' conception of manifest destiny.

Despite the tedious character of Mr. Jaffa's close analysis of key words and paragraphs in the utterances of Lincoln and Douglas, this book deserves to be read carefully by all historical scholars who seek to explain America's greatest political crisis.

EDWIN C. ROZWENC

AMHERST COLLEGE

Early American Policy: Six Columbia Contributors. By JOSEPH DORFMAN and R. G. TUGWELL. New York, Columbia University Press, 1960.—vi, 356 pp. $6.00.

This volume consists of a "series of essays" on six early American political theorists and economists who were connected with Columbia University in some intimate way, as students or as teachers. They are Alexander Hamilton, John Jay, the Reverend John McVickar, Henry Vethake, William Beach Law-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rence, and Francis Lieber. Though the authors refer to their work as "essays," they are perhaps more aptly described as biographies-in-brief.

The sketch of John Jay is a superb example of biographical writing. The essential facts about his life and his varied career are presented in only fifty-five pages. Perhaps more fully than any other statesman, Jay sensed that the main defect of the central government under the Articles of Confederation was "government by legislature alone." The new nation, he believed, needed a tripartite kind of government, with a strong executive and a genuinely functioning judiciary. Jay was "the very model of the professional legalist, happiest when dealing with cases, bringing to them the learning and the humanity which were inseparable from his character, but never forgetting precedent and tradition."

To this reviewer the essay on Alexander Hamilton seemed less valuable than the one on Jay. The task of the essayist who endeavors to cover the life of so prominent a figure as Hamilton in brief compass is not an easy one. His contributions have been reviewed many times by competent historians. Though this essay may add little to one's knowledge of Hamilton, the volume would be incomplete without it. Hamilton and Jay were brilliant alumni of King's College (later Columbia) who attained national prominence during the formative years of the nation.

For the economist, the principal merit of this book is that it presents in convenient form a description of the careers and contributions of four distinguished scholars who figured prominently in the development of political economy as a separate discipline. None of the four was as well known as Hamilton or Jay, or exerted so pronounced an influence on public policy. Yet each of the four deserves greater recognition than he has heretofore received. There were a number of American economists in the nineteenth century whose contributions entitle them to a biography-in-brief, but perhaps not to a full-length biography. The present volume provides such a biography for four of these. It will be welcomed by all persons who would like to know more about the development and early teaching of political economy in American colleges and universities.

McVickar and Vethake were pioneer teachers of political economy, the former at Columbia and the latter at the College of New Jersey (later Princeton), Dickinson, and other institutions. Lawrence was more famous as a popularizer of Ricardian economics than as a teacher. Lieber was primarily a political

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

theorist who enjoyed a long career as a teacher and author in political science, public law, and political economy. Though these men made worthwhile contributions, their teaching and writings were not limited to political economy. Thus McVickar's first lectures on political economy at Columbia were presented as a component of a course on moral philosophy. His favorite course was Evidences of Christianity. He also taught English grammar, belles-lettres and rhetoric, and ancient history. The catholicity of interests of college professors of the first half of the nineteenth century seems amazing. Because of the modest size of most faculties, a degree of specialization comparable to that of the present era was an obvious impossibility.

This admirable book is an outgrowth of careful research extending over a period of years. The essays are informative, well-rounded, and interesting. The documentation is impressive, though not excessive. In giving us biographies-in-brief of four scholars who are a lasting credit to Columbia University, together with sketches of two outstanding statesmen-alumni, the authors have performed a service that deserves only commendation. They have carried through their task with distinction.

Lewis H. Kimmel

The Brookings Institution

Government Promotion of American Canals and Railroads, 1800–1890. By Carter Goodrich. New York, Columbia University Press, 1960.—x, 382 pp. $7.50.

Intrigued by the problems of the underdeveloped countries of our own time, historians and economists have given considerable attention in recent years to nineteenth-century American economic growth. The most important revision to come out of the newer studies is the recognition of the active rôle of American governments in promoting economic development during a period long associated with laissez faire doctrines. Carter Goodrich, professor of economics at Columbia, has published several provocative articles on this subject; the first of them appeared in the pages of this journal in 1948. In the present work Mr. Goodrich presents a survey of governmental promotion of internal improvements, the most important area of public action in the economic field during the years 1800 to 1890.

The rôle of the federal government is dealt with in two sections. The first covers the period 1801–1830, termed "An Era of National Projects." The discussion centers about the Gallatin Report of 1808 and is accompanied by a handsome

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

map illustrating Gallatin's major proposals. Despite the construction of the National Road and extension of federal aid to state and local projects in the form of land grants and stock subscriptions, the comprehensive federal program first proposed by Gallatin failed of acceptance, the author maintains, because of state and sectional differences which lay behind the great constitutional debate on internal improvements.

The second period of federal action, 1850–1872, is termed "An Era of National Subsidy," which, as Goodrich states (p. 198), "was not an era of national planning" because the selection of projects for assistance "depended more on the pressures of local and regional interest than on any consistent basis of judgment regarding their merits." In these years Congressional aid on a large scale was granted directly or indirectly, through the states, to a number of railroad companies, including the transcontinental railroads. The author's analysis of the comparative value and effects of land grants and subsidies is marred by his failure to consider in any detail the extensive grants made to railways other than the transcontinentals. Specifically applying his conclusions to all of the land grants during this period, he asserts (pp. 201, 203) that they "consisted of land which no settler and no speculator had yet found it worthwhile to acquire." Yet Richard Overton, in *Burlington West* (Cambridge, 1941), has clearly demonstrated that the Burlington and Missouri delayed construction through a rapidly developing country in Iowa and Nebraska at a time when settlers (and speculators) were clamoring to have the company's lands brought into market at reasonable prices. The effects of railroad land management in Kansas, described by Paul W. Gates in *Fifty Million Acres* (Ithaca, 1954), are similarly inconsistent with Mr. Goodrich's attempted de-emphasis of the conflict between the principle of the Homestead Act and that of the land grants.

The discussion of state and local programs during the pre-Civil War years includes a useful state-by-state survey illustrating the astonishing diversity of solutions to transport problems attempted during the period. There are, however, occasional lapses, for example, the failure to consider the dramatic conflict of canal and railroad interests in Indiana in the 1830's. In his analysis of state and local promotion during the post-Civil War period, the author first lays to rest persistent legends regarding the pattern of governmental aid in the Reconstruction South; and then examines in a separate chapter the programs of states and cities outside the South.

Although it is indispensable as a synthesis of research in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

field, the work incorporates some of the defects of its sources and cannot be regarded as definitive. It is strongest where Mr. Goodrich has employed primary sources, as in his discussions of Virginia and in his brilliant analysis of the Reconstruction South. Among the book's most valuable contributions is the comparison in quantitative terms of local, state, federal and private investment during each of the periods covered. The author gives due emphasis, however, to institutional factors, particularly the weaknesses of the agencies established for the selection and/or administration of state and local projects.

Mr. Goodrich brings the theoretical tools of the developmental economist to his subject without resorting at any point to the obscurantist jargon which so often characterizes such studies. The final chapter, moreover, will stand as a classic in the literature of the subject. Dealing with an issue abounding in paradoxes and contradictions, Goodrich boldly abandons the insular viewpoint which plagues American historians, and he deftly employs the comparative method to break down old stereotypes (some of which have long been under attack) and to construct fresh hypotheses.

HARRY N. SCHEIBER

DARTMOUTH COLLEGE

The Roosevelt Revolution. By MARIO EINAUDI. New York, Harcourt Brace and Company, 1959.—x, 372 pp. $5.95.

The volume of literature on Franklin D. Roosevelt and the New Deal continues to grow as the historian slowly constructs the meaning of the experience embraced by the tumultuous depression and World War II years. Though many gaps exist —such as an adequate history of New Deal labor policies— historians agree that the New Deal resulted in a vast increase in federal action to insure individual well-being. Though social experimentation has decreased during the Eisenhower years, and though the incumbent President would like to decrease the extent of federal responsibility for social and economic ills, the Washington government still expands its program of economic intervention—witness the developing highway construction program. Now that the historian is possessed of a retrospect of nearly a quarter of a century, it is evident that the Roosevelt years inaugurated a continuing revolution that apparently guarantees an ever-increasing expansion of federal activity.

Mr. Einaudi has directed his inquiry to the dimensions and the implications of this development. There is nothing original

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in the factual data that he uses. His uncritical quotations from the speeches and press conferences of Roosevelt, often political, convey an unexpected naïveté. They do, however, enable Einaudi to create an avowedly admiring account of Roosevelt and the New Deal.

The author's intimate and painful knowledge of Italian fascism has given him ample reason to remind Americans that in the midst of catastrophic depression they had the unusual good fortune to receive political leadership from a staunch traditionalist who worked through reform to preserve democratic liberties. The dismaying descent of a similarly afflicted Germany into totalitarianism makes vivid the contrast. One need not belabor the point that Americans have every reason to be grateful for having avoided a similar misfortune. Nor were the vast changes made in American life by the New Deal without lesson. That the United States accepted the permanence of labor unions, a program of comprehensive social security, the need of the federal government to tax away 20 per cent of the national income, and a permanent military establishment, all within a quarter of a century, suggests that the modern American is far more receptive to change than is usually recognized. It also suggests that the present argument for gradualism in achieving racial equality is unsupported if this willingness to accept change is considered.

Much of Einaudi's interpretation is found in Frederick Lewis Allen's *The Big Change*. His essay contains little that is new, nor is it comprehensive. He fails too often to make use of evidence that would compel a far less favorable judgment of Roosevelt. His treatment of the court-packing fight hardly accords with the facts. But his intention is to insure approbation for Roosevelt; no one can doubt that he has tried.

Though entitled *The Roosevelt Revolution,* this book contains the observation that contemporary American society bears the imprint not only of that revolution but also "of World War II, of the unexampled prosperity of recent times, and of the communist crisis which is tearing apart the world of the twentieth century." Since much of the coverage deals with the events of the 1940's and 1950's, one is never quite certain what constituted the Roosevelt Revolution, nor what was its distinctive effect. A conclusion which argues that the revolution kept "the door open so as to permit to our generation a chance to decide in liberty what we must do" is both comfortable and noncontroversial. It could, however, apply with equal force to the whole of the American experience.

JAMES P. SHENTON

COLUMBIA UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The American Science of Politics: Its Origins and Conditions. By BERNARD CRICK. Berkeley and Los Angeles, University of California Press, 1959.—252 pp. $5.00.

Amid the present doldrums of British political theory a young man of considerable brilliance has arisen, Dr. Bernard Crick, an assistant lecturer at the London School of Economics, whose career will be watched with interest. At least, in his defence of philosophical idealism, not uncoupled with defence of a peculiarly British national pattern of constitutional democracy, as "good" political theory, he has something to say. His present book is, in part, a survey of the development of the idea of a political science from its well-known eighteenth century milieu, with especial reference to what was said about it in America from the days of Washington. In part, it is an attack upon those, Lasswell, Merriam and myself—Walter Lippmann and Graham Wallas are also among those who fall under Dr. Crick's censure—who would wish to take political science (in Professor Arnold Brecht's usage of these words) seriously. The argument is that we produce a bad political theory. The major theme is that, however mistaken this adventure, yet the "concern for 'science' "—the word "science" is carefully put in quotation marks to indicate its dishonest nature—"is a consequence of American life." No little, however, of Dr. Crick's space—and much of such validity as his theme has—depends upon an analysis of the work, not of a political scientist, but of an amiable Texan philosopher, Professor T. V. Smith.

When doctoral students, elaborating the so-called "sociology of knowledge," so well criticized by K. R. Popper, get busy tracing historical origins in neat patterns, it is always interesting to see what they will do next. As Goethe remarked about Byron in the *Conversations* with Eckermann, "the greater part of those fine things cited I have never even read." Thus one checks over the supposed influence of A. F. Bentley, uncited in the major textbooks of the twenties and thirties. Speaking for myself it so happens that I did not, in the beginning, refer to Bentley at all and had probably never read him. His early work, dismissed so cavalierly by such well-known reviewers as Professor James Garner, was indeed marred by what most readers took to be a fairly crass behaviorism, as Dr. Crick rightly indicates, and had little influence until Bentley's collaboration with Dewey. Thus, in compensation for this neglect, some would argue that there was a later over-inflation and Bentley became, for students of authentic Americana, the "great primitive," as it were the Grandma Moses of genuine, indigenous political science.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Further, there are, for Dr. Crick, the influences of Spencer and Bryce—incidentally scarcely born to the American scene—and of Dewey. "Heavens," one confesses to oneself, "Spencer may have had an influence" (Oxford did not read Spencer) "and, of course, one can't deny reading Dewey, who even went generously on record with his agreement." What guilt by association! One then finds that all this preoccupation—not, be it noted, just that of American thought, but the foolish attempt to shape anywhere at any time a political science—has the hallmarks of a typical Protestant civilization. When this reviewer wrote, in 1923, the first draft of *The Science and Method* (Lasswell's first relevant book was published in 1927 and Merriam's *Power Politics* in 1934—although, from a personal letter to me, discussing the matter, I learn he was contemplating it in 1932), this Protestant genesis, I confess, had never occurred to me, especially as I chance to be a Catholic. And did I then believe, *absit omen*, in inevitable social progress, although in my *History* I had said the opposite?

A major criticism, then, of Dr. Crick's able but, I fear, misleading enterprise lies in the facts. He tends to argue in a circle —"This so-called 'science' springs from the Trans-Atlantic and muddle-headed qualities of the American scene. All the names emphasised in review are Americans, products of that scene. Those outstandingly who disagree with a science of politics are all non-Americans, even if resident in America." The men who can be adduced in support of Dr. Crick's theme as not being corrupted by American views, such as Professors Gurian and Morgenthau, are all duly listed. MacIver and Rueff do not appear in the index and Max Weber earns one footnote. But what of those, from Tocqueville and Bryce on, including the London School's own Wallas—who influenced Lippmann—and MacIver, who shaped a new movement for the advancement of science in the republic of letters but who were not American? They (it seems that Dr. Crick argues) can be left out of the survey as irrelevant: their names are not written in some textbook of living thought, which Dr. Crick has read, entitled "The History of *American* Philosophy." The trouble with this present book from the pen of Dr. Crick, an undoubtedly able and brilliant man, lies in its very question-begging title.

In one passage Dr. Crick indicates to us his thesis about what political theory should be. To my mind it is a thesis of what it should not be. It is what I choose to call "Burke and claret—

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

diluted and not for export." He writes: "the pre-eminent part of a political education is the understanding of one's own political tradition." The world is, thus, finally divided into nations; and one should soak oneself in, for example, the tradition of Ulster. (Professor Boorstin, defending the South, squints this way also.) On the contrary, one chief task of a liberal and humanist political philosophy is to emancipate men from their picayune prejudice and to reveal to them the dignity of the grand and catholic tradition of values confirmed by reason and discoverable in the history of the human race. No aristocracy should go radically unchallenged by another aristocracy—or political thought not be radically examined by exponents of another political thought. The opposite opinion leads to the contemporary popular conclusion in "Establishment" circles that there are "the sacred rights of Englishmen," but that these do not—for the well-educated and prudent mind, not for a "viewey" one—apply, outside the Establishment, to black men in "the colonies." *Habeas corpus* does not run, one gathers, in the British Protectorates or in Cypress.

Professor Arnold Brecht's recent monumental work, *Political Theory,* does much to put Dr. Crick's complaint, that the fundamentals of method have never been thought out by "the Americans," into perspective. It should be consulted by all who are interested in the present controversy. Professor Brecht, like Professors Strauss, Morgenthau and Karl Loewenstein, is of German extraction and therefore (one must now, it seems, insist for caution's sake) no product to be studied by sociologists of knowledge as a writer determined or formed only by the American scene. He arrived in the States as a mature man. By his present magistral book he puts the whole international world of knowledge—which, with its tribunals, is the final world that matters and that should occupy our attention—in his debt. Clearly Professor Brecht could not refer to Dr. Crick's work. But the significance of this latter is that it so well expresses a contemporary British professional attitude—Lady Wootton and Dr. Popper are conspicuous exceptions—which cannot unfairly be called both complacent and out-of-date. "The new stuff is not worth attention." It is a theme song since the days when the schoolmen dug into their universities, deriding the new learning. It always repeats itself from the ranks of entrenched views.

GEORGE E. G. CATLIN

McGILL UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Arms and Politics in Latin America. By EDWIN LIEUWEN. New York, Frederick A. Praeger for the Council on Foreign Relations, 1960.—xiii, 296 pp. $4.75.

In preparing this important and provocative analysis of militarism in Latin America and of its implications for United States policy, Dr. Lieuwen, a trained historian with considerable experience in the analysis of Latin American politics acquired during government service, had the benefit of an expert study group organized by the Council on Foreign Relations. Nevertheless, Lieuwen's personal convictions on the subject show through so strongly that his book comes perilously close to being a polemic rather than an objective and balanced analysis of the problem.

The book is really two parallel, closely related studies: one treating the political rôle of the armed forces in Latin America; the other dealing with the military aspects of United States foreign policy in the area. His controversial theses can be summarized as follows:

1. Although Latin America is politically, economically and militarily important to the United States, there is a widespread impression both in Latin America and at home that the area has been neglected since World War II.

2. United States policy for Latin America has been aimed primarily at maintaining political stability and keeping the area on our side in the cold war. Although these policies may have been "correct", they are open to criticism as being too limited, too negative, and too lacking in imagination. Furthermore, economically sound policies may be politically inadequate.

3. The much-publicized collective defense machinery existing in the hemisphere is merely an elaborate façade, and "neither the official U.S. military objectives nor the means of attaining them make sense in terms of the real conditions in Latin America" (p. 218).

4. Unintentional political side effects of our military programs are adversely affecting our long-run future relations with the Latin American countries. In the eyes of many Latin Americans the United States is closely identified with the unrepresentative military dictatorships and seen as opposed to social reform movements. Moreover, United States policies have encouraged local arms races and exacerbated old rivalries.

5. In its effort to gain the coöperation of the armed forces the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

United States has been losing the support of the rest of the Latin American population.

6. A major crisis in United States–Latin American relations is arising out of the divergence between United States emphasis upon defense of the hemisphere against the threat of communism and Latin America's overriding concern with internal problems of economic development and social reform. Thus, the concern of United States policy makers with the immediate threat may be blinding them to a more serious future danger.

Lieuwen begins his study with a historical sketch of the political and social rôle of the armed forces in Latin America. Taking World War I as the beginning of a "crumbling of the traditional order", he treats the activities of the military against a broad background of political, social and economic change. Covering twenty countries and 150 years in the space of some 40 pages, Lieuwen occasionally oversimplifies developments in individual countries. Here and in dealing with the response of the military to the social revolutions in a majority of the Latin American countries, he again makes assertions with which specialists on the several countries will take exception and is guilty of a number of factual inaccuracies. His discussion of Mexico as a case study in curbing militarism is considerably more detailed than his very abbreviated treatments of the contemporary importance of the military in each of the other countries. He finds the military in most of the important countries to be at various transitional steps along the road from political domination to nonpolitical status and concludes that its continued preëminence is incompatible with the irresistible drive for social reform which characterizes the area.

The second and more controversial part of the study includes: (1) a brief history of United States military policy in the area which concentrates upon the adverse effects of the several interventions which the United States undertook in the Caribbean in the earlier decades of the twentieth century; (2) an analysis of current policy which concludes that the objectives of United States military programs are primarily political; and (3) proposals for basic policy changes aimed at placing the United States clearly on the side of the Latin American social revolution.

RONALD M. SCHNEIDER

ARLINGTON, VA.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The May Fourth Movement: Intellectual Revolution in Modern China. By CHOW TSE-TSUNG. Cambridge, Harvard University Press, 1960.—xv, 486 pp. $10.00.

The most important movement in recent Chinese political and intellectual history is the May Fourth Movement, now exhaustively yet incisively examined by Chow Tse-tsung. This brilliant pioneer study no doubt will remain the classic treatment on the subject for many years to come.

Using the term "May Fourth Movement" in the broad sense to cover the 1917–1921 new culture movement rather than narrowly to refer to the Peking student demonstrations of May 4, 1919 protesting the unfavorable Versailles decisions on Shantung, Dr. Chow has carefully and skillfully traced the political and intellectual currents of those confusing years. On the political side he shows how the humiliation of a century of unequal treaties and the fresh arrogance of Japan's Twenty-One Demands in 1915 resulted in demands by young intellectuals for reform which were at once iconoclastic in their criticism of traditional Chinese society, and frantic and disorganized in their scrutiny of western theories.

Although the general outlines of the 1915–1919 ferment, whose most celebrated product was the literary revolution of 1917, are familiar, Dr. Chow has done a masterful job in adding real depth to that outline by condensing more pertinent original material than has previously been so tautly worked into any account known to this reviewer.

Against this background the author presents a careful, vividly detailed account of the initial student demonstration. He includes its immediate political background, the traditional and current position of students in China, a clear chronology of the events in Peking on that historic day as well as of the supporting demonstrations by students and merchants which followed elsewhere. He then traces the differing Japanese, Western and Soviet reactions and shows wherein they were related to the ideological and political split gradually taking shape in the reform ranks during the next two years over the most important and persistent question in modern Chinese history—the issue of how Chinese society should be reformed and modernized. Since the major political and intellectual cleavages of the past forty years in China go back to this period, it is gratifying to have this thoroughly informed yet concise and dispassionate analysis of the conflicting positions together with their social implications.

Having in the first part of his work established the background, chronology and implications of the political develop-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ments, Dr. Chow concentrates in the last half on an analysis of the chief intellectual currents of the 1919–1921 period. His discussion of the new literary movement, while perforce highly concise, is extremely useful in orienting the non-specialist. It not only sketches the relationship of that movement to late Ch'ing developments, but gives a richer short account of the opposition to the vernacular revolution than is commonly available.

Somewhat less familiar, and therefore highly valuable for the western reader, is his chapter on "The New Thought and Re-evaluation of the Tradition." In this, after first surveying briefly what he calls the "hard core of the old thought," Dr. Chow then identifies the various foreign philosophies—liberalism, individualism, socialism, Darwinism, pragmatism, utilitarianism, democracy, the beliefs in science, Marxism and the like—with which young intellectuals flirted and shows how they used them to criticize or re-evaluate traditional Chinese thought. Following this he summarizes various controversies of the next few years among partisans of the new over such issues as the study of the Chinese heritage, religion, science and metaphysics, the relative merits of eastern and western civilizations. Taken together these chapters provide a good orientation to the non-traditional stream in the intellectual history of the early post-war period.

It is rare that a relatively specialized book such as Dr. Chow's is useful both for the specialist on modern China and for the more general student of Chinese or modern world history. The specialist will find in the fruits of the author's enormously diligent research much that he has previously missed. The general historian will profit not only from its lucid presentation of a complicated and crucial period but from the author's overall interpretation of the significance of the movement. Dr. Chow shows how traditionalists and conservative elements within the Nationalist government while accepting its nationalistic goals have condemned the iconoclastic elements of the movement which to liberals is a renaissance and to the Communists a popular movement against imperialism and feudalism. Dr. Chow persuasively suggests that in fact it was

> actually a combined intellectual and sociopolitical movement to achieve national independence, the emancipation of the individual, and a just society by the modernization of China, . . . intellectual . . . because it precipitated a mainly intellectual awakening and transformation and because it was led by intellectuals. . . . The most important purpose of the movement was to maintain the existence and independence of the nation, a goal which had actually generated all of the major reforms and revolutions in China since the latter half of the nineteenth century (pp. 358–359).

HARRIET C. MILLS

CORNELL UNIVERSITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Studies on the Population of China, 1368–1953. By PING-TI HO. Harvard East Asian Studies 4. Cambridge, Harvard University Press, 1959.—xviii, 341 pp. $6.00.

Population and Progress in the Far East. By WARREN S. THOMPSON. Chicago, The University of Chicago Press, 1959.—ix, 443 pp. $7.50.

Dr. Ho has undertaken the difficult task of providing the modern student of Chinese population with some of the little known facts and figures from Chinese local histories. To do this, he has had to examine great masses of documents and records, as well as voluminous biographies and essays covering a period of almost six centuries. He has brought to light much that is new, and by the use of frequent quotations has been able to present the reader, not only with useful information, but also with a much better understanding of the cultural, social and economic setting within which population data were collected, processed and used in China. For the most part this material is covered in the first part of the book, entitled "The Official Population Record."

In reading the second part, "Factors Affecting Population," one is apt to wonder if he has not, by accident, picked up the wrong book. In Chapter 6, Ho devotes thirty-four pages to a detailed discussion of historical data on area under cultivation, categories and measurements of land, and so on. In the chapter on "internal migration" he emphasizes the agricultural and crop history of China. In Chapter 8 the author devotes page after page to early-ripening rice, before going into a discussion of wheat, barley, peanuts and other crops. This is not to say that data of this type are completely irrelevant to the study of population, but to be useful they have to be kept in a proper perspective and integrated with the major topic under discussion, as suggested by the title of the book.

The author rightly stresses the unreliable nature of Chinese population statistics, but he repeatedly ignores his own warning and attempts to derive conclusions, which may be valid on other grounds, but which should not be substantiated solely on the basis of quantitative data. One of the many instances of this is a direct comparison between the 1787 and 1953 population of Fukien to prove an emigration from that province (p. 287)!

A random check of just a few sources used reveals a rather careless treatment of figures. Although most of the errors are very minor, many of them typographical in nature, they make one cautious of accepting other statistical data in the book. For example, Table 13 (p. 56) has at least five errors in it,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the most obvious of which is in reporting 19,178,919 "mouths" for Shantung, while the actual figure is 29,170,919. Data in this table are not from the 1812 edition of the listed source and do not refer to 1812, as the author indicates, but are from the 1842 edition and refer to various years up to and including 1820. Also, there are a number of errors in the figures in Appendix I.

Ho stresses the importance of institutional history, and he derides the values of demographic analysis. It is the opinion of this reviewer that *Studies on the Population of China* would have been a more useful volume if it had considered those institutional factors in family, social structure, and economic organization that are directly relevant to population growth, and if the analysis had taken some cognizance of the techniques and methods of comparative demography.

The second book under review is an evaluation of population pressure as an international force in the world today. Professor Thompson, dean of American demographers, is an eminently qualified observer, and this book represents an extensive revision of his earlier work *Population and Peace in the Pacific*. The author reverses the more usual approach of considering the effects of political and economic changes on population, by analyzing the "effects of changes in the population on the economic and political development of the Far East." After devoting the first three chapters of the book to a brief analysis of the numerous changes that have taken place in the region as a whole during the past two decades, the patterns of population growth and the prerequisites for rapid economic development, Dr. Thompson proceeds to study each country in turn, dividing his discussion into three general areas: population, agriculture, and industry. Almost two thirds of the book is devoted to Japan, China and India, one chapter treats the conditions within Pakistan and Ceylon, another covers Taiwan and Korea, while the remaining sixty pages are devoted to the ten countries of mainland and island southeast Asia.

Professor Thompson's conclusions are rather pessimistic. In the foreseeable future the population pressures will not diminish either as a result of increased food production, or as a result of rapid economic development, or because of migration from the more densely populated countries. He considers the potential for improvement in the living conditions in the countries of the Far East, and comes to the conclusion that rapid population growth in most of the countries under consideration is the major, if not the critical, deterrent to economic development. He also

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

feels that in the long run "the only sure relief for population pressure and the tensions and troubles it creates is population control."

Both the facts and opinions set down in this essentially demographic analysis of the broader problems facing the countries of the Far East are interesting, informative, and vital to the future of the Far East.

LEO A. ORLEANS

LIBRARY OF CONGRESS

The Dragon's Seed: Peking and the Overseas Chinese. By ROBERT S. ELEGANT. New York, St. Martin's Press, 1959.—319 pp. $4.95.

The thirteen million progeny of the Chinese dragon, strewn among Thailand and the nine new states of Southeast Asia, are struggling to find their identity amid the crosscurrents of the Communist and Nationalist pressures and the conflicting ties of their Chinese homeland and the new non-Chinese societies in which they live. Mr. Elegant, chief of *Newsweek's* Hong Kong bureau, probes their psychological distress against a kaleidoscopic background of national independence, unification and consolidation taking place at varied rates throughout this dynamic region. He finally makes some concrete suggestions as to what the United States and the "free" governments of Southeast Asia might do to break the cultural and ideological bonds of the overseas Chinese with their Communist "motherland" and integrate them into the emergent nations which badly need the Chinese vitality and skill in the process of economic "take-off."

Nobody comes out well in Mr. Elegant's account of what has happened so far: the colonial administrators have been criminally shortsighted; the native nationalist leaders opportunistic; some Americans "ugly"; and the Chinese themselves partly responsible for the native dislike for them. In Singapore and Malaya, where the highest concentrations of Chinese are found and consequently about which the bulk of the book is concerned, British leadership is described as having failed to take decisive action against rising Communist influence among the Chinese before drastic measures had to be resorted to. Native political leaders in the Philippines, Thailand and elsewhere are shown to have "milked" the Chinese and forced them into defensive collective action, while decrying their inability to assimilate.

Even among the Chinese groups, Mr. Elegant spares none. The venality of the Chinese millionaires and the combination

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of idealism and brutality of the Chinese students sympathetic to communism are equally exposed. Despite financial and psychological aid from Communist China, overseas Chinese Communists evidently erred both strategically and tactically in many cases. But the Nationalist Chinese do not fare much better in Mr. Elegant's account. They have been too doctrinaire and nationalistic. A convincing case is made that the hope of the overseas Chinese lies with neither part of their divided homeland.

The reasoning behind Mr. Elegant's advocacy of a change of American policy toward Communist China is that, in the framework of the present lack of normal diplomatic relations with Peking, "Southeast Asian governments must either violently oppose or fervently support Red China" (p. 310). Thus, each change of attitude by local governments toward the local Chinese is in part affected by international relations. The Chinese must be protected in their basic human rights regardless of the international political climate. If this were assured—not a very sanguine hope in the light of recent events in Indonesia—the overseas Chinese would no longer have to shift their allegiance breathlessly to whichever Chinese embassy would give protection and instead they could look to the governments of their adopted countries with renewed confidence.

Since this book is so rich in acute insights based on personal observation, it is to be regretted that the attempt to paint vivid pictures and record intimate conversations often obfuscates the thread of main events and that the index is so sparse and footnotes totally lacking. Yet despite these common journalistic drawbacks, the reader can be thankful for the fascinating presentation of a timely subject.

George O. Totten

Boston University

The Agrarian Origins of Modern Japan. By Thomas C. Smith. Stanford, Stanford University Press, 1959.—xi, 250 pp. $5.00.

On the basis of village records and an imposing array of other Japanese sources, Professor Smith presents in this important volume information and interpretation that contribute much to an understanding of Japan's modernization. Dealing first with the traditional village, he describes the basic inequality of people and of landholdings and the resultant tightly knit coöperative groups that characterized the seventeenth century, the first century of Tokugawa rule. Such a group was basically an extended family. In the unequal relations between the main family and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

others, the main family usually held a preponderance of land, tools and animals. The head of the main family and of the extended family had responsibility for the welfare of the whole group. This position involved many rights and privileges, including ceremonial duties and an amount of political power in the village not depending directly on the relative size or wealth of the family grouping, but rather on its antiquity as a family in the village. Within the coöperative family group, the main family relied on the labor of branch families, of hereditary servants and of several categories of hired labor. Mutuality of economic interests held the group together, reinforcing family ties and even progressively incorporating into the family many of the hereditary servants, although not usually the hired labor.

Changes that took place in the Japanese village, especially in the latter part of the Tokugawa Era, are the subject of the remaining two thirds of Smith's study. These changes were gradual, and their incidence varied greatly from one area to another, in fact from one village to the next. But the total of the changes was so great that Smith can say, "For upward of two hundred years the agricultural labor force had been unwittingly preparing for the transition to factory employment" (p. 212).

The rise of the market in place of status as the basis for economic decisions was a profoundly important feature of change. At the same time the value of labor was rising, partly as a result of technological advances in agriculture and partly as a result of the growth in many villages of by-employments such as weaving and dyeing. The technical changes in agriculture, far from saving labor, called for more labor on a given area of land, and spread the demand for labor over a larger part of the year. Holders of large farms found fewer opportunities to acquire hereditary servants. Hired labor grew more and more expensive, and was often unreliable. For these and other reasons it became progressively more appropriate for a nuclear family group to work a small farm, displacing the former method of cultivating a larger area with the aid of group labor that would move from one field to the next. Thus the extended family tended to break up into its component parts, tenancy spread, and even holders of much farm land came to work only a small area themselves. With trade and the use of money spreading, prosperous peasants often supplemented their income by trading and moneylending. Some bought the right to use surnames, or even the right to wear swords.

This evolution is clear and understandable. It answers significant questions about why the Japanese nation was able to do

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

so much so fast after 1868. The Japanese peasant was then more modern, more ready for markets and factories, than are many peasants in other Asian countries today. Smith even gives us glimpses that help to explain the political forces behind the Restoration of 1868.

But this study, focusing on the village rather than the nation, does not answer many of the questions that call for aggregates. Smith explains clearly and convincingly the process of change and the *kinds* of results that followed. But the nature of the source material makes it impossible to tell *how many* peasants or villages changed *how much*. Consequently, the reader may not be prepared for the statement on the penultimate page that, despite all the transformation in life and outlook, "agriculture had not changed so much as to destroy the habit of loyalty and obedience." Thus one of the mysteries of Japan's modernization remains; namely, how this people could change so much in certain ways and still retain so much of tradition, discipline and social cohesiveness.

This limitation, however, is not so much a weakness as an indication of the scope of an excellent study. No serious student of Japan's modernization will want to miss this valuable work.

WARREN S. HUNSBERGER

WASHINGTON, D. C.

Controls for Outer Space and the Antarctic Analogy. By PHILIP C. JESSUP and HOWARD J. TAUBENFELD. No. 1 Columbia University Studies in International Organization. New York, Columbia University Press, 1959.—xiv, 379 pp. $6.00.

In this book the authors have set an altogether new standard for legal writing on space problems. The keynote of their work is its essential sanity. They indicate at the outset their angle of approach:

> It is clear on a moment's reflection that now, and probably for some time to come, many of the problems connected with outer space are more closely connected with earth and with man on earth. Earth is still the launching site and the base for sending and receiving communications. The needs or desires which inspire the exploration of outer space are earth-born and earth centered. The use or misuse of outer space of which we speak is man's use or misuse. In speaking of "controls for outer space" we are thinking of man-made and man-applied controls; of controls not *of* space, but of man-made objects and also of men *in* space, and ultimately of men on planets in space.

It is superfluous to say of any work which bears Professor Jessup's name that it has all the candor, clarity and cogency of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

his deep and broad scholarship, but this particular book has three outstanding qualities which call for special mention: the fullness of its historical perspective, the ease and thoroughness of its grasp of the scientific and technological factors affecting the new problems now confronting the law, and the boldness of its approach to the problems of the future.

The learned authors have arranged their work in three parts.

The first part, a discussion of international controls in retrospect, reviews the history of shared controls of political administration (including condominia, joint belligerent occupations, the special regime projected for Spitzbergen in 1912, and the mandates and trusteeship systems), discusses the rôle of international organizations in special territorial arrangements (such as those applicable at different times in Tangier, Danzig, the Saar, Leticia and the former Italian colonies, and the arrangements envisaged for Trieste in 1946 and for Jerusalem in 1947), and explores the potential applicability to the Antarctic and outer space of international controls of a functional type (with special reference to such immediately relevant functions as those of the International Civil Aviation Organization, the International Telecommunication Union, the World Meteorological Organization, and the International Atomic Energy Agency, and of international public corporations of the type recently developed in Europe). The general conclusion suggested by this historical retrospect is less that any particular existing precedent is fully applicable to the newly emerging needs, though the Canton Island condominium and the 1912 scheme for Spitzbergen are of special interest, than that the history of international life has been a continuing story of developing new forms of international machinery to meet changing needs. As the learned authors say:

> If no previous type of organization is considered by governments to be helpful in meeting the problems confronted as man penetrates the frontier areas of the Antarctic and of outer space, new ones will be developed. If man's ingenuity has already met the challenge of astronautics, it may likewise grapple with the technology of international politics. But it is precisely at this point that the contrast between the exact sciences and the humanistic sciences unfortunately destroys the parallel. Even when a technically perfect solution of a problem is found, the mind and the spirit of man may conjure up reasons of pride, spite, hate, prejudice, greed, fear, or inertia which prevent common progress along an agreed road.

The second part is a discussion of international controls for the Antarctic. This part outlines the physical and political setting of the Antarctic problem, gives a tentative estimate of the strategic, scientific and economic potentials of the Antarctic,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

summarizes the arrangements for international coöperation in Antarctica during the International Geophysical Year, and reviews possible types of international regime in Antarctica. This last section has been dated, but not superseded, by the negotiation while the book has been in the press of the Antarctic Treaty of December 1, 1959. The effect of the negotiation of the treaty has been to convert this section of the book from a discussion of a speculative possibility to a powerful plea for general acceptance of the treaty coupled with an incisive analysis of some of the problems left unsolved which may call for further consideration. The learned authors express their general conclusion on the subject in their usual trenchant style:

> So long as the Antarctic remains relatively uninhabited and relatively unimportant strategically, and its potentials lie in scattered fields—scientific study, meteorology, whaling, a few air facilities. and the like—limited functional arrangements with adequate powers might well meet the needs for use of the area. It seems a wasted opportunity not to experiment with a more unified, international governmental approach which might, while favorable conditions last, be installed successfully. Whether progress will be made even along the lines of coöperation alone in all of these fields cannot, of course, be foretold unless one knows the general drift of international politics during the months and years to come.

The third part discusses international controls for outer space. The physical setting of the problem, the extent to which air law and maritime analogies are relevant, the military considerations involved, and the potential uses of space for peaceful purposes are all clearly described, succinctly but sufficiently fully to place the essentials in perspective in relation to each other. The analysis of liability for damage or injury caused by space instrumentalities is particularly illuminating.

From this description and analysis the learned authors proceed to pose the fundamental question of chaos or control:

> The choice in question is presented to governments in two situations which are unique in that they are the only ones in which the very existence of any valid national or sovereign claim is still in question. The Antarctic is one; outer space is the other. One alternative is to subject the two situations to the same power struggle which has in history characterized the demarcation of national territories on the map of the world. The other alternative is to take time by the forelock and to agree that both situations will be subjected to an international rather than to a national solution or, one might better say, to a series of national solutions.

Renunciation of potential sovereignty by national states they regard as a "necessity" but "not sufficient by itself to constitute a viable international solution, since such renunciation is also consistent with a political void in space." A satisfactory inter-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

national solution therefore implies "a renunciation of potential sovereignty by national states and an assumption of some responsibility for the maintenance of order by some general international organization."

Important as this book is as a study of the legal problems of outer space, it also has a wider significance which may ultimately prove to be even more important. It is a model of legal craftsmanship working on scientific materials, an unfamiliar and all too often uncongenial task which the international lawyer must increasingly assume under contemporary conditions. In an age when the mutual relationships of technology and the academics are one of the key problems of educational philosophy and public policy alike, this book may, viewed in this perspective, prove to be a landmark in the development of a new approach to international legal problems.

C. WILFRED JENKS

GENEVA, SWITZERLAND

The Modern Law of Land Warfare. By MORRIS GREENSPAN. Berkeley and Los Angeles, University of California Press, 1959. —xxiv, 724 pp. $10.00.

"The purpose of this work," as the author informs us in his preface, "is to present an accurate, comprehensive and systematic statement of the international law of war on land as it exists today" (p. vii).

These words suggest that the law of land warfare can be stated with a greater degree of precision than this reviewer thinks possible; certainly a greater degree of precision than the author has been able to achieve in the seven hundred uneven and discursive pages of this formidable volume. However, this is not to say that Mr. Greenspan has not performed a significant feat of scholarship. On the contrary, his volume is likely to become a standard work of reference as the first book since World War II devoted exclusively to restating the whole of the law of land warfare, if one takes no account of the admirable field manual issued by the United States Army (FM 27-10) in 1956 and the comparable service manuals of other nations. The case law on war crimes and the treaty law on the protection of war victims which is set forth in the four Geneva Conventions of 1949, have added a vast new domain for exploration, analysis and exposition by legal scholars. Mr. Greenspan has seized this opportunity and produced a solid work of scholarship covering such matters as The Hague Regulations of 1907; the Geneva

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Conventions on the wounded and sick; on prisoners of war; and on the protection of civilian populations; the Genocide Convention; occupation of enemy territory and seizure of enemy property; weapons of warfare; intercourse between belligerents; armistice agreements; war crimes; and neutrality.

Perhaps the most valuable part of this book is the chapter dealing with the punishment of war crimes. Here the principles of the London Agreement and of the momentous judgments handed down in the trials of the major war criminals at Nuremberg and Tokyo are elucidated and related to a multitude of lesser trials which illustrate the application of these principles. Thus, chapter xii of Mr. Greenspan's book is a veritable gold mine of citations to the sources of the modern law of war crimes. And in many instances the footnotes in this chapter, in which the various cases are briefed, are more interesting than the text which they illustrate.

Mr. Greenspan has taken pains to refute the criticisms which have been leveled at the Nuremberg principles and on the whole is successful in rebutting, or at least dispelling, most of these criticisms.

Less orthodox, at least from a governmental point of view, and more controversial is the author's position on the use of the atomic and the hydrogen bombs. He condemns the use of the atomic and hydrogen bombs as illegal "judged on the basis of the existing laws of war" (pp. 374 *et seq.*). Whether the reader agrees with the author's conclusion or not, he is likely to be disappointed with the discussion which precedes this conclusion, because no effort is made to meet the counterarguments of other students of this problem, such, for example, as Professor McDougal. (See 64 *Yale Law Journal* 688.)

Moreover, this work, which is less a treatise than a compendium, has the defects of its virtues. It is comprehensive, but it is also, unfortunately, in many places tedious, especially during the more than one hundred pages devoted to paraphrasing the provisions of the four Geneva Conventions of 1949. For example, such minutiae, as the fact that under Article 74 of the Prisoner of War Convention the Central Information Agency enjoys free postage for mail are paraphrased in the text. Other instances could be given. The detailed paraphrasing of such trivial provisions of the Conventions detracts greatly from the quality of the book and incidentally, of course, adds greatly to its length.

On the other hand, not enough space is devoted to analysis of the implications of the "grave breaches" provisions of the four Geneva Conventions which provide significant new weapons for the extradition and punishment of war criminals. Nor is ade-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quate attention paid to the effect of the Soviet Bloc reservations to Article 85 of the Prisoner of War Convention which provides: "Prisoners of War prosecuted . . . for acts committed prior to capture shall retain, even if convicted, the benefits of the present Convention." The Soviet Bloc has declared that Article 85 will not be applied in the case of persons convicted of war crimes under the Nuremberg principles, and fear has been expressed that this reservation will provide an escape clause under which large groups of military personnel may be deprived of protection.

MONROE LEIGH

WASHINGTON, D. C.

Government, Law, and Courts in the Soviet Union and Eastern Europe. By VLADIMIR GSOVSKI and KAZIMIERZ GRZYBOWSKI. 2 Volumes. New York, Frederick A. Praeger, Atlantic Books, 1959.—xxxii, 917 pp.; xv, 921 pp. $30.00.

Messrs. Gsovski and Grzybowski have edited, as well as contributed to, a two-volume work which surveys the legal systems of the Soviet Union, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia, and the Baltic Soviet republics of Estonia, Latvia and Lithuania. The work is divided into seven parts: the Regime and its Origin, Administration of Justice, Judicial Procedure, New Substantive Criminal Law, Sovietization of Civil Law, Worker and Factory, and Land and Peasant. Each part contains a separate chapter relating to each country, contributed by lawyers native to the country whose legal system they describe.

As a tool for students of the Soviet and Eastern European legal systems the work is unprecedented in its scope. All sections are extensively documented and the editors have compiled a bibliography of some sixty-five pages which should prove quite valuable. In addition, the authors have not sacrificed as much detail as they might have, given the range of their subject.

In its slant the work is a pointed indictment of the communist legal system and of the acts of the Soviet Union in imposing communist rule on the Baltic and Eastern European countries. Underlying the work is the premise that no real system of law and order in the western (?) sense can be expected to emerge from a political system which owes its beginnings to armed subversion and the absolute rule of a minority political party, especially when that party is the Communist party. Approximately the first 450 pages are devoted to a documented account of the rise to power of the Communist party in each of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

countries discussed (the annexation by the Soviet Union in the case of the Baltic countries), the emphasis being on the illegitimate origins of the respective regimes. The inconsistencies between communist theories and constitutions and enacted laws and their enforcement are painstakingly set forth, especially with respect to the treatment of what we term "civil rights."

The theory that an autocratic regime and law cannot coexist is not a new one, but it is one which has too long been treated as axiomatic rather than hypothetical. In this respect the work introduces no fresh analysis, nor do the authors make the kind of historical analysis or comparison which would have made easier an understanding of the communist legal systems in their historical perspective. Western scholars of the Soviet and other communist legal systems are not unanimous in the view that these are not legal systems, or that tyranny and law are mutually exclusive. An objective discussion of the conflicting views in this regard would have added immeasurably to the work.

The Gsovski and Grzybowski work is, despite this bias, a most useful adjunct to legal literature concerned with the communist states. It is thorough in its treatment of substantive and procedural subject matter (Volume 2, concerned with criminal and civil law, the worker, and the peasant being particularly good in this respect) and in its use of original source material, including commentaries by communist jurists. The discussion of the new criminal codes is especially timely. Here again, however, the tendency is to stress those crimes peculiar to communist regimes, while giving little hint of the strong similarity both as to its substantive and procedural elements which the Soviet law bears to legal systems in other civil law countries. Many of the things throughout the work which are pointed out about the Soviet Union and East European regimes as implicitly peculiar to them would have been more readily apparent as such if more specific references to comparative and historical materials had been included.

Finally, the work is disappointing in its failure to provide an adequate historical background as an introduction to the legal systems of the various countries. The pre-communist legal history of each is as important to an understanding of its legal system as is its history since its communist beginnings. A more helpful organization of the work from a pedagogical viewpoint would have been by country rather than by subject matter, with a historical introduction deeper in chronological scope preceding the section devoted to each country.

ISAAC SHAPIRO

NEW YORK CITY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

International Financial Transactions and Business Cycles. By OSKAR MORGENSTERN. Princeton, Princeton University Press, for the National Bureau of Economic Research, 1959.—xxvi, 591 pp. $12.00.

This is an elaborate statistical study of the economic and financial connections among four countries (Britain, France, Germany, and the United States) during the hegemony of gold —the periods 1870–1914 and 1925–1931. It was many years in preparation and will be studied for many more. Professor Morgenstern considers a great variety of issues—including several that have implications for present-day financial policy. He makes effective use of simple statistical techniques and guides his readers carefully as he presents and processes his data.

The book, however, is not easy reading. Morgenstern leaps without warning from topics of great significance to the most technical minutiae. He burdens his argument with long digressions on seasonal patterns in interest rates and exchange rates, and with elaborate comments on alternative statistical methods. He raises some of the most intriguing issues parenthetically, almost as marginal notes on the statistical inquiry. To further complicate matters, Morgenstern seeks out cycles in every statistical series, using the well-known techniques of the National Bureau of Economic Research. This is a useful exercise in itself, but sometimes interferes with the presentation of more rewarding manipulations. Indeed, some of the most interesting parts of this volume come near to being drowned in a sea of cycles.

Morgenstern's study is a challenge to the professional consensus on gold-standard operations. It argues that the international markets for money and credit worked less smoothly and perfectly than is commonly supposed.

1. That exchange rates between pairs of currencies frequently ranged beyond the estimated gold points. The dollar price of sterling, for example, was frequently higher than the apparent cost of buying gold in New York, shipping it to London, and selling it there for sterling.

2. That cross-rates of exchange often allowed opportunities for profitable arbitrage. The dollar price of francs, for example, was sometimes higher than the dollar cost of buying marks with dollars, then buying francs with marks.

3. That interest-rate differences as between the four countries were often larger than "permissible" under gold-standard arrangements. The additional interest one could earn by lending in London rather than New York was sometimes more

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than sufficient to cover the risks of a depreciation of sterling, within the limits of depreciation set by the gold points.

These findings would seem to indicate that the foreign-exchange dealers of the nineteenth century were less adept (or less perfectly informed) than we commonly assume. But each of these three conclusions is subject to serious qualification.

Morgenstern has not made sufficient allowance for fluctuations in the gold points. Any estimate of the cost of shipping gold from, say, New York to London must include an allowance for interest on money tied up in gold-in-transit, and an increase in interest rates must therefore widen the gold points. Morgenstern, however, uses the same gold points for every month in the period covered by his study. What may merely be changes in the gold points consequently appear as "violations" in his analysis. In December, 1880, for example, Morgenstern detects a "violation," as the dollar price of the franc exceeds his (median) estimate of the New York gold-export point by two tenths of 1 per cent. Yet in that same month, the New York call-money rate (recorded by Macaulay) rose by five percentage points. Allowing two weeks to make the gold shipment, the interest cost of dealing in gold was raised by 2/52 of 5 per cent, which would raise the gold-export point by two tenths of 1 per cent. The "violation," then, was nothing more than a change in the gold-export point.

Morgenstern's conclusion on arbitrage is subject to a similar qualification. While there were persistent arbitrage margins as between the major currencies, these were rarely large enough to justify a great increase in the scale of dealers' operations (of the sort that might have obliged the dealers to borrow additional funds).

Finally, Morgenstern's analysis of interest-rate differentials ignores the basic connection between interest rates and forward foreign-exchange rates. Morgenstern treats the spread between the gold points as the maximum exchange risk on interest arbitrage. Yet nineteenth century dealers in foreign exchange would seem to have "covered" some of their transactions in the forward foreign-exchange market, paying a premium for forward exchange that exceeded the spread between the gold points. This would suggest that the dealers did not place as much confidence in the stability of the gold points as Morgenstern's argument would imply.

Morgenstern could have sought corroboration for his results in the data on gold movements and money flows. These are admittedly imperfect, as he himself has pointed out elsewhere. Yet the crudest qualitative notions—guesses as to the direction of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

gold flows—would have subjected his conclusions to an extra test.

Morgenstern has probably made too much of the apparent imperfections in financial arrangements. The more important results of his study are those that *confirm* our notions about nineteenth century finance. His indexes of "effort," while open to technical criticism, give limited support to the professional consensus on gold-standard history. They show the United States as a struggling borrower trying to attract capital in the nineteenth century, and they support the usual diagnosis of interwar financial maladies—the weakness of the mark and of sterling after its 1925 return to gold, and the corrosive strength of the French franc. One wishes that Morgenstern were not so much enamored of iconoclasm and had given greater stress to the many results of his study that are consonant with other evidence.

PETER B. KENEN

COLUMBIA UNIVERSITY

Royalist Conspiracy in England, 1649–1660. By DAVID UNDERDOWN. New Haven, Yale University Press, 1960.—xvii, 374 pp. $6.00.

This book is mainly a narrative history strictly confined to the limits indicated by the title. It is a story of the ineptitude, the heroism, and the failure of that segment of the Royalist party engaged actively in, or awaiting the opportune moment for, subverting by force the successive governments of the Interregnum. Mr. Underdown contends that episodes like the "Miraculous Preservation" of Charles II after the battle of Worcester or the rising of 1655 need to be seen, not only in the context of the general history of the period, but also in the perspective of the continuous efforts—fumbling, desperate, and ambivalent as they were—of the restlessly irreconcilable Cavaliers. It is this inner view of the planning, the contending factions, the indecisions, and the agonizing experiences of the conspiring Royalists which the author presents for the first time in its continuity. He does so, moreover, in ample detail, with meticulous scholarship, and with lucidity.

That Mr. Underdown has a kind of dedication to the Royalists may be sufficiently illustrated by a single reference (p. 175): Francis Corker, one of the most unscrupulous of Royalist deserters to become an active agent for the Protectorate, is described as accepting "Thurloe's thirty pieces of silver." But Mr. Underdown's leanings, which may, perhaps, even be considered indispensable to carrying through his historical enterprise, do not prevent him from giving candid appraisals of all the Royalists

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

who come under his particular scrutiny. At the same time his incidental references to other Royalists and to leaders and supporters of the Commonwealth and the Protectorate are entirely free from bias.

By deliberately narrowing the scope of his study Mr. Underdown is able to give a sharp focus to aspects of the Royalist underground that have been relatively neglected in other works. The following items exemplify the kind of topic in which the author has made fresh investigations: the painful dilemma constantly confronting the responsible group of Royalist leaders in the Sealed Knot whose waiting policy was proved right after they had been discredited; the repeated overestimation by the Royalist activists of the number of armed supporters who would respond to a recognizably authentic summons; the importance of the final abortive attempt in 1659, through the Great Trust and Commission, to bring about a royal restoration by force.

Mr. Underdown's narrative is periodically interspersed with generalizations and judgments, but he reserves for the final chapter (misleadingly entitled "Royalty Restored") his answers to several basic questions. Although these answers are not novel, he exhibits an aptitude for historical analysis on a high level. He draws necessarily on his general knowledge of the years from 1649 to 1689, but his decisions derive much of their solidity from the documentation to be found in the essentially monographic, preceding 300 pages.

Here are some of Mr. Underdown's conclusions, largely shorn of their impressive empirical and rational supports. The Royalist party of the Interregnum clearly emerges as a homogeneous group from which relatively few defected and for which few were recruited. The differences within the party concerned tactics and they resulted in "chronic organizational weakness." They were due both to a conflict between those who had much and those who had little property to lose and to a contest between the older Royalists and the younger undisciplined adherents. The conspiring Royalists, insignificant in effecting the Restoration itself, had by their intransigence contributed to the failure of Cromwell to achieve a constitutional settlement. On the other hand, "If Charles had been restored by violence, the resulting constitutional settlement would have been unrecognizably different from the one that launched England on the road to 1688 and parliamentary sovereignty" (p. 338).

Mr. Underdown's is, I think, a definitive work on its particular theme.

Willson H. Coates

University of Rochester

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Nicholas Biddle: Nationalist and Public Banker, 1786–1844. By THOMAS PAYNE GOVAN. Chicago, The University of Chicago Press, 1959.—xii, 429 pp. $7.50.

To the crusty old soldier in the White House and his homespun and leather-aproned followers, Nicholas Biddle, the president of the Bank of the United States, was a corrupt and unprincipled schemer—"Old Nick" himself. The General's political opponents talked seriously of making Biddle President, while to at least one distinguished European visitor he was the perfect model of an American gentleman. From his own day to the present, Nicholas Biddle has provoked bitter and partisan argument. For a while it seemed that we were to have a judicious consensus. After political historian Arthur Schlesinger, Jr.'s neo-Jacksonian attack on Biddle and the Bank, the economic historians Bray Hammond and Walter Buckingham Smith rescued the Bank, while finding Biddle skilled and farsighted but arrogant and fallible. Now, however, with the first modern biography of Biddle, the pendulum has swung to the opposite extreme.

Thomas Payne Govan has written a painstaking, craftsmanlike, but intensely partisan study of Biddle's public life. One hesitates to call this a eulogy—the word seems as old fashioned as the form—but if eulogies are still written this is one. Seldom has so controversial a figure been let off so easily. Govan denies, for example, any attempt by Biddle to influence Congress or the press in the interest of the Bank. The one transgression admitted—that involving a loan to the editors of the New York *Courier and Enquirer*—is excused as inexperience with the complexities of New York politics. Where even the Bank's stanchest supporters see recklessness or error, Govan sees virtuosity or bad luck. Biddle's attempt in 1837–1838 to manipulate the cotton exchanges, which no other authority condones, becomes a device to end American financial subservience to the Bank of England and help restore a reeling international economy.

These are perhaps enthusiastic excesses, and Govan's general delineation of Biddle as a patriotic nationalist, dedicated to the nation's economic growth, stands up very well. Biddle clearly sought to use his great power in the public interest, and subordinated the stockholders' profits to the Bank's rôle as an economic stabilizer and federal fiscal agent. Yet while Govan explicitly eschews "the use of words of censure or praise," he is unduly harsh to Biddle's enemies. Thomas Hart Benton makes "demagogic" statements, Jackson and Taney are responsible for a "ruthless and unprincipled scheme," the Jacksonians as a whole

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are motivated by "party interest." But their chief characteristic is ignorance—ignorance of the functions of banks, of the needs of a developing economy, and above all an ignorant fear of the Bank's power. It is true that the Jacksonian agrarians were unsophisticated folk who had little understanding of finance. But was their fear of the Bank's political power so misguided? Was not the concentrated wealth of the nation's largest corporation a real danger to free government? Perhaps Biddle was indeed incapable of placing his private or class interests above those of the nation; but would this be true of Biddle's successors? The record of the Bank's first president, William Jones, was scarcely one to produce unqualified confidence in the responsibility of bank leadership. Biddle's major error and, I believe, Mr. Govan's as well, was his failure to see with Jackson and Benton the very real threat to republican government of concentrated private wealth.

IRWIN UNGER

LONG BEACH STATE COLLEGE

The Future as History. By ROBERT L. HEILBRONER. New York, Harper and Brothers, 1959.—217 pp. $4.00.

Is history closing in upon western man to a point where his destiny is controlled by vast, shapeless forces over which neither his reason nor his will has any control? Have the complexity of human relationships, the growing pressure of human numbers, and the tyranny of his own technology made him the slave of cosmic caprice as never before in his history?

The questions are not new. For almost a century there has been a growing fear of historical entropy suggested to observers as far back as Tocqueville and J. S. Mill by the rising tide of nineteenth-century mass influences and made explicit in Henry Adams' *Degradation of the Democratic Dogma* more than forty years ago. More recently, the fear has been heightened by the possibility of nuclear destruction, the threat of diminished world resources, the fearful growth of world population, and the decline of western power.

However one may feel about these matters, there is no gainsaying the fact that our own epoch has seen a multiplication of doubts and a waning of intellectual confidence among all but the indifferent or those whose hope is sustained by religious or ideological faith. Men seem to be unable or unwilling to act even though failure to do so may mean catastrophe.

With pressing cogency Mr. Heilbroner presents us with what for Americans can only be dark and frightening arguments,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

though he tempers his somewhat dour warnings in a final chapter that seems to speak more from his hopes than his convictions. The idea of progress with all of its optimistic connotations is dead, says Mr. Heilbroner (certainly no new discovery, but seldom put so baldly). Americans alone among the world's great industrial nations have not yet noticed its demise. The consequence is that we are purblind to the movements of history around us: to the emergence of colonial peoples and its significance, to the dangerous gap between our level of abundance with all of its peculiar indigenous problems and the desperate poverty of peoples whose political awareness and economic aspirations are rapidly rising, to our own ideological isolation which commits us to a system of "free enterprise" in a world where economic solutions are increasingly sought by collectivist methods. As a people, we have become a wealthy economic élite hated and threatened by the world-wide proletariat of underdeveloped nations.

The picture is not heartening. Nor does Mr. Heilbroner offer us any really clear resolution of our difficulties beyond suggesting that we face the future with "fortitude and understanding" and willingness to undergo sacrifice. These qualities are surely needed, but what else? Surely we must also find some way of making plain to the economically underprivileged peoples of the world before it is too late that resentment of American abundance, while perhaps useful for short-run political purposes, is no answer to their problems. Nor is violent expropriation of the western industrial countries. In the end, responsibility cuts two ways: while Americans must have fortitude and understanding and must endeavor with all speed to raise the living standards of less fortunate peoples, the leaders of underdeveloped lands (and the Soviet bloc as well) must learn to face the world realistically and pragmatically without being blinded in turn by the same kind of facile optimism that has beclouded American vision. If they do not, they may find that the destruction of the United States and other western industrial countries, though it might afford a brief moment of satisfaction to wounded egos and national hatreds, could also involve mankind in common ruin. If history closes in upon the United States and the West, it must also close in upon everyone else. The world has become too small, too closely interdependent, too heavily populated for any group of peoples, be they Americans, Russians, Indonesians, or Kenya tribesmen, to dream wildly of destroying what, to mankind's tragedy, might never be restored.

SIDNEY A. BURRELL

BARNARD COLLEGE

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Professional Soldier: a Social and Political Portrait. By MORRIS JANOWITZ. Glencoe, The Free Press, 1960.—xiv, 464 pp. $6.75.

In his social profile of the professional soldier Janowitz develops the basic distinction between "absolutist" and "pragmatist" approaches. Warfare—actual or potential—is the basis of international relations and "total victory" is the goal of wars, according to the "absolute" American military doctrine. Warfare is only one of three tools of international relations; the other two are economic and ideological; and international objectives are political, and are best realized by various combinations of the three elementary tools, states the "pragmatic" school. The absolute school stresses pre-emptive or retaliatory war. The pragmatic school emphasizes the need to be prepared for limited wars.

Janowitz analyzes the substantive differences between the two schools, especially in their orientations toward banning nuclear tests and toward various types of new weapons and in their evaluation of allies. He traces the changes in the relative influence of the two schools on the political-military policy of the United States since 1945, suggesting that the absolute school was predominant in this period, especially since it gained the support of President Eisenhower, formerly a "pragmatist." Still, important segments of each of the three services are pragmatist; moreover, in recent years the pragmatists have gained in power. However, the balance has not shifted to their side.

The supporters of the absolute school are closer in their orientation to the classic and popularly supported model of bureaucracy; they view their job as professional, limited to the development of the means best suited to carry out a goal set by the civilian. The pragmatic school strives for participation both in setting the political goals and in developing the appropriate balance between the use of violence and the use of economic and ideological weapons. In this case the bureaucratic and democratic ideals coincide; civilians should set the goals, the military profession should supply the means. But Janowitz's volume suggests that this formula is dangerous, and all too simple as well. It leads to a doctrine of absolute warfare and further reduces the limited coördination between the military and civilian authorities in charge of American international relations.

Janowitz's analysis consistently moves on two levels; he analyzes military doctrines and their sociological bases. Absolutist tendencies are frequently manifested by officers who served in the Far East and were frustrated by the limited warfare policy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in Korea and the "loss" of China; pragmatism is often revealed by officers who served in Europe. Officers of the two schools also differ in personal alliances; the absolutists, for instance, saw MacArthur as their leader; the pragmatists found their man in Marshall. Frequently they also differ in age and level of education, although they share a basic military orientation and social background. Only five per cent of the officers interviewed were liberals, the rest defining themselves as conservatives. they all share a sense of "military honor"; and they tend to be native born, Protestants, Anglo-Saxons, and from rural background.

Absolutism and pragmatism are more than two philosophies rooted in social cliques and alliances. They are two ideologies which serve in fighting for appropriations before Congress and in answering to its investigations; they serve as guiding lines for public relations in the United States, or with allies abroad, and for efforts to influence the "enemy"; they serve for internal consumption. The American military, Janowitz shows, is undergoing an organizational revolution. It is changing from an authoritarian, domineering discipline structure to one which stresses leadership, unit-"climate," and psychological understanding between ranks, something like the human-relations emphasis in industrial corporations. This increases the need for ideology to explain and justify what is no longer forced.

Janowitz, professor of sociology as well as consultant to the Department of Defense, maintains a high level of objectivity throughout the volume, though his well-checked sympathy for the pragmatist school shows from time to time, especially in his evaluation of the scope of the military forces employed in the Lebanon incident (p. 333). The book is readable and devoid of the formalism widespread in sociological writing. The author is well informed. There is hardly a statement in the book which is not supported by a report of one or more incidents or by data from one source or another. Whenever possible Janowitz draws on interviews he conducted with 113 officers, on re-analysis of questionnaires submitted by Masland and Radway, and on a study of the biographies of 760 generals and admirals. While this is a study of the American professional soldier, and should have been called so, its scope is enlarged by comments on parallel problems in other military organizations.

It is only in the epilogue that the author's speculative power is set free, to suggest—on the basis of contemporary trends—the nature of the future military establishment, which "becomes a constabulary force when it is continuously prepared to act, committed to the minimum use of force, and seeks viable inter-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

national relations rather than victory" (p. 418). It is constabulary in the sense that a no-peace no-war situation is expected to last, hence military preparedness—like that of the police—is a constant, not a "seasonal," feature of future society. The military of the future is closely related to civilian society, shares its goal setting and coördinating processes, hence the de-emphasis on force, and is oriented to a state of no-war rather than to total victory. In short, Janowitz sees the future as leading to a military based on a pragmatic doctrine.

The worth of *The Professional Soldier* is not confined to its treatment of the American military profession or military organizations. It also makes a significant contribution to the understanding of the forces which underlie the American orientation to and treatment of international relations.

AMITAI ETZIONI

COLUMBIA UNIVERSITY

ANNOUNCEMENT

To the Members:

In accordance with the provisions of the By-laws, notice is hereby given that the Board of Directors has fixed the date, Monday, January 16, 1961, on which the Annual Corporate Meeting of the Academy will be held in the office of the Academy of Political Science, Room 411, Fayerweather Hall, Columbia University, New York City, at 4 P.M. promptly.

This is the annual meeting for the transaction of all business of the Academy. The President's Annual Report will be presented at this time.

JOHN A. KROUT, *Secretary*

THE ACADEMY OF POLITICAL SCIENCE

Columbia University

New York 27, N. Y.

This will be the only notice of the Annual Corporate Meeting.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED